INDUSTRIAL DEMOCRACY AND NATIONALIZATION

Industrial Democracy and Nationalization

A Study Prepared for the Fabian Society

BY

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Fellow of Nuffield College, Oxford

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Nationalisation

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INTRODUCTION

IN July, 1950, the Fabian Society published a pamphlet, *Labour in Nationalized Industry*, which bore my name. It was an interim report of a Fabian group in which I acted as *rapporteur*. Its preface contained promises of further work and of a final report. The interim report, however, represented the limits of the group's agreement, and it soon became clear that no final group report was possible. Since there was such controversy, to stimulate general discussion seemed the only reasonable course. The group, therefore, decided, and the Executive Committee of the Fabian Society agreed, that it would be best for me to write an individual essay. The members of the group have read various drafts of this essay, discussed it, and made a great many helpful comments. For this help I am deeply indebted to them, but no member of the group is responsible either for my errors or the opinions I have expressed. In fact, some of them strongly disagree with much that I have written. My thanks are also due to all those, including workers 'by hand and brain' in nationalized industries and trade union officials, who have discussed with me the problems with which this essay is concerned. I should like finally to record my thanks to my father for help with proofs.

H. A. CLEGG

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INDUSTRIAL DEMOCRACY AND NATIONALIZATION

CHAPTER I

THE MEANING OF INDUSTRIAL DEMOCRACY

1. THE DEVELOPMENT OF THE IDEA OF INDUSTRIAL DEMOCRACY

The idea of industrial democracy arose out of the feeling that the worker had two causes for complaint against the capitalist system. That the worker suffers economic exploitation under capitalism, that he is paid, housed, fed, and clothed worse than he need be if society were differently organized, and that he may well suffer involuntary unemployment; these criticisms are made by every kind of socialist. The industrial democrat argued that in addition the worker was, for the duration of the working day and frequently beyond, subject to the arbitrary will of his master, and that the only remedy for this was to replace industrial despotism by industrial democracy. To live the worker needed to work for an employer who would pay him a wage; he was thus subjected to the orders of the employer and his underlings, and became a wage-slave, a condition which he could only escape when he himself shared in the control of industry through a democratic body composed of representatives of the workers concerned.

Something of this idea was in the mind of most of the early socialists, but the form which their industrial democracy was to take was rarely made clear. Owen was more at home as the benevolent despot of co-operative ventures than with the scheme for self-government in the building industry propounded as *The Builders' Guild*. A profusion of socialist experiments in Britain, the United States, and on the Continent varied from self-governing workshops set up by the workers themselves to socialist communities very much under the control of their wealthy founders. Theories, too, ranged all the way from anarchism to authoritarian socialism. Marx himself thought that during the revolution the workers would take over the workshops and run them on co-operative lines, but he also looked forward to central planning and the organization of 'industrial armies.' For the orthodox Marxist the institution through which workers' control was to be exercised was the party rather than the trade union.

Industrial democrats of the twentieth century must trace their descent from the French syndicalists, and, amongst them, from Pelloutier. The French syndicalists revived the ideas of the founders of *The Builders' Guild* as a theory of trade union socialism to be clearly distinguished from the political socialism of the socialist parties. The first distinction between syndicalist and socialist was that the former believed that the new society could only be attained by revolutionary trade union action—the General Strike—and not by political action in a decadent Parliament. The second was that the syndicalist, in so far as he looked to the future, saw in the trade union the organ of government for the new society; functional representation was to replace

geographical representation. The attractiveness of the syndicalist theory owes a great deal to its anarchist origins, and to the form of organization of the French trade union movement at the time that the theory was evolved. The basic element in this organization was the *syndicat*, a local group of men working at the same trade or in the same industry. These *syndicats* were federated locally to *Bourses* (bodies with a considerably wider scope than our Trades Councils) and nationally into *Fédérations de Métier*, according to craft or industry. The *Bourses* were affiliated to the *Fédération des Bourses* and the *Fédérations de Métier* to the *Confédération Générale du Travail* (the C.G.T.). In this federal organization the *Bourses*, as local bodies, became the centres of trade unionism. They provided information services, administered benefits, gave support to strikers and unemployed workers, and organized propaganda campaigns and trade union education. Pelloutier, as the secretary of the *Fédération des Bourses*, was thus the leader of an organization in which power was firmly based at the bottom, and in which the central committee and its officers could act only as a general staff and lead only through example and advice. This, together with the small-scale organization of French industry at that time, made the picture of the future syndicalist society run by *Bourses*, which Pelloutier sought to suggest, entirely in accord with the anarchist theory, elaborated by Bakunin, of a society built up on thoroughly federal lines, and gave it the same sort of charm as can be found in William Morris's *News From Nowhere*.

The picture soon faded. Pelloutier died young, and about the time of his death his federation was merged

with the C.G.T. The *Fédérations de Métier* grew in authority to become more like the British national unions, squeezing the *Bourses* into the background. At the same time the power of the central organization was gradually enlarged, so that in recent years the French trade union movement has, under Communist influence, become highly centralized. Furthermore, the growth of large-scale industry and the experience of the first world war turned the minds of the French trade unionists towards the socialist project of nationalization, to fit which the C.G.T. developed the theory of tripartite control, through representatives of the state, of the consumers, and of the workers. This retreat to a demand for a mere share in control may be explained by three considerations. First, the General Strike had been abandoned; if nationalization was to come through the state, the state was unlikely to hand over its trust to the unions. Secondly, there might be no strong grounds for supposing that the local self-governing workshop of Pelloutier would exploit the consumer, especially if it was competing with other self-governing workshops, but the most ardent syndicalist had an impossible task in trying to convince anyone but himself that the public would have nothing to fear from a nationalized monopoly controlled by the workers. Finally, the craftsmen in a small workshop might well be able to carry on the work of the shop without the control of their employer, but the operation of large-scale industry presents technical, administrative, and commercial problems in which a trade union has little experience.

The syndicalist movement across the Atlantic, the Industrial Workers of the World, revealed another

flaw in syndicalist theory. Their organization was from the start highly centralized compared with the French movement at that time. They did not succeed in capturing the American trade unions, but their project of a national body, sectionalized by industry, and within industry by region and branch, was a picture of centralization rather than federation. The methods which they used to quell opposition within their own organization and to obtain 'job control' in several industries in their brief day of greatness showed nothing of the niceties of democratic procedure. It became easy to doubt whether there would be more democracy in industry when it was under the control of the One Big Union than under capitalism.

Syndicalism must thus meet four distinct challenges: that the trade unions cannot take industry over by themselves and cannot, therefore, expect to be allowed to run it by themselves; that if the state nationalizes an industry it does so primarily in the national interest and not in the interest of the workers in the industry, which would be the main concern of the unions if they had sole control; that trade unions have not the technical, administrative, and commercial experience to run a large-scale industry; and that trade union government of industry might be no more democratic than capitalist authoritarianism.

In Britain the guild socialists tried to construct a theory of industrial democracy which would overcome at least some of these difficulties. To fit themselves to govern industry the trade unions must become national guilds; that is, organizations which would include labourers as well as craftsmen, and in addition clerical, technical, and administrative workers. The guildsmen

proposed a decentralized form of nationalization in which considerable powers would be given to workshop and establishment representatives. These proposals gained support with the rapid spread of trade unionism amongst clerical workers, civil servants, technicians, and even administrative workers under the pressure of the wartime decline in the real incomes of salaried workers, and with the rise of the shop steward movement. The guildsmen recognized that nationalization must come through the state and that guilds could not represent the consumer, so they suggested that Parliament should take over industry and hand over the task of administration to the national guilds within the terms of a parliamentary charter. The interests of the consumers would be protected by the power of the state to exact rent from the guilds and by the regulation of prices, quantities, and qualities, and perhaps even wages, through a joint congress of the guilds and the state.

Meanwhile, another body—the Whitley Committee—had tried to draw from wartime experience in labour matters a constitutional form under which labour would have greater recognition than before. The Whitley scheme proposed for each industry National and Regional Joint Councils of representatives of the employers and the workers, on which matters subject to collective agreement—wages, hours, conditions of labour—could be settled and any other matters of common interest could be discussed with a view to action by the appropriate party. In the individual factories the Committee recommended the setting up of Works Committees or Councils of representatives of the workers and of the management chosen from

within the works. Since matters subject to collective agreement were largely settled above their heads, they might or might not, according to the attitude of the trade unions concerned, be allowed to discuss minor difficulties arising out of these agreements, but their main business, if they were to be lively bodies, would clearly have to be other matters of common interest—welfare, training, production, and the like.

Many Whitley Councils were set up, and became almost entirely bargaining bodies, working on the same lines as, though on the whole more successfully than, the older procedures for the settlement of disputes which remained in force in the country's major industries. After 1926 the Councils gained added support from the trade unions when the unions, under the leadership of Citrine and Bevin, turned to more conciliatory industrial methods. For the most part the works councils were never set up or were quietly abandoned. The reasons for this are complex. Their successful operation was dependent on the willingness of the employer or manager to make use of them. If he would not feed them with matters for discussion, or at least encourage the workers to bring matters up, supply them with information, and treat their views sympathetically, little could be made of them. The trade unions were usually suspicious, for they were bodies *outside* industry and here were representative organizations of the worker *within* industry over which they had little control, and because employers often encouraged works councils as an *alternative* to trade unions. The unions fought to exclude the works councils from authority in any matters in which they had established their rights, and usually showed no sorrow at their

decay. The shop stewards were also suspicious. Their authority rested on their opposition to the tyranny of the employer, and here were bodies set up for the purpose of amicable discussion and agreement with the employer. If the councils were successful, what need was there for trade union or shop steward? These suspicions were aggravated by the constitution of the councils. In the national and regional councils, employers' representatives met trade union representatives, appointed or elected by the unions. In the works councils *all* the workers elected representatives; in some cases the unions were strong enough to demand that only union members should be elected, but where this clause was not in force and trade union organization was weak, the unions had good grounds for fear. Workshop representation in this form bears a close resemblance to company unionism or to profit-sharing schemes, which are anti-trade union devices of industrial paternalism. These difficulties may be illustrated from a report of a committee of the Flour Milling Employers' Federation set up in July, 1926, to examine the working of the Whitley machinery in that industry. They wanted trade union officials to attend works councils only at the request *of both sides*, and if, on the district committees, 'the operative [trade union] representatives are too subservient to their Union Officials, the remedy is to be found in the strengthening of the joint Works Committees, where the educative process is best undertaken.'

In the rare instances where works councils have been built up to be bodies of real importance, the first cause has almost invariably been the exceptional qualities and efforts of the manager or employer. Sometimes he

has received the ready co-operation of the trade union, but often he has had to face trade union indifference or hostility.

The trade unions forced the government of the day to carry out the terms of the Whitley Report in government departments and industrial establishments. Here, at least, the report was fully operated and committees were set up and usually maintained at all levels. If nothing was achieved to equal the most notable ventures in private industry, the committees here have settled down to what is generally recognized as a useful job.

During the 'twenties guild socialism disintegrated rapidly. At first it appeared that it had won a major victory in convincing the Labour Party leaders and the trade unions of the value of at least a large part of the guild proposals. Even those like MacDonald and Snowden, who had been bitter opponents of syndicalism, now spoke and wrote in sympathetic if vague terms about the demands of the workers for a large share in the control of industry, and supported the Nationalization Bills of the 1919–21 period which were drawn up under the influence of, or even by, guild socialists.[1] In order to win the general acceptance of the Labour movement, these Bills were not to establish a complete guild at once. A nationalized industry was to be run by a board, chaired by a minister, and consisting of equal numbers of ministerial appointees and of representatives of the trade unions which organized the workers in those industries, and the

[1] This was almost the last achievement of the guild socialists whose movement soon collapsed after the failure of the Building Guilds, largely due to government economies at the expense of housing, and after the secession of the left wing of the movement to the Communist Party.

same pattern, of men appointed from above along with workers' representatives, was to be followed in managerial bodies at lower levels.

These Bills, however, were not passed, and during the 'twenties the Conservative Party, the Liberal Party, and the Labour Party accepted a new device for the control of nationalized industry—the public corporation. In fact, the joint board of the guild-inspired Bills would have been a public corporation, but the institution now proposed differed radically from those proposals in that the new boards were to be without any representative element, and were to be free from ministerial and parliamentary control, except for a rather remote and vague ultimate responsibility. The driving idea behind this proposal was to avoid the bureaucracy and stifling of initiative which departmental control was said to involve. The objection to departmental control arose out of wartime experience, and can be seen in the evidence of witness after witness before the Sankey Commission, in the speeches made in Parliament during the debates on the Bills setting up the B.B.C., the Central Electricity Board, and the London Passenger Transport Board, and in the attacks on the administration of the Post Office. The guild socialists were willing to accept any objections to direct departmental control, but they could not accept the non-representative board. During the early 'thirties a long battle was fought in the trade union and labour movement for some element of workers' representation. Its supporters were not at all clear on the meaning of representation, and the conflict resolved into an argument about the number of trade unionists who should be appointed by the minister to the boards, to be

responsible to him and not to the unions, and whether their appointment should be a statutory obligation upon the minister. The T.U.C. finally accepted as a solution that trade union experience was to be made one of the possible statutory qualifications for membership of the boards, and that any trade unionists chosen would cease to hold office or responsibility in their unions.

With the acceptance of this solution it became clear that the unions were to remain independent bodies operating on much the same lines as in private industry. Collective bargaining and joint consultation were to remain the means by which they sought to give the worker's voice expression in the control of industry, and the institutions through which these processes were to work were to be on the Whitley model. Something rather like Whitleyism, in fact, became accepted as the means for achieving the liberation of the worker in public and in private industry.

The joint production committee of the second world war was not in any way outside the tradition of Whitleyism. It was an application of the methods of Whitleyism to one of the matters which are, or may be, of concern to both employers and workers. The successes of these committees, along with the sense of common participation in the war effort, and the pressures of full employment, helped to create an atmosphere in which the ideas behind Whitleyism became once more generally popular, an atmosphere in which the joint committees of the newly-nationalized industries have been set up. It had also perhaps one direct effect. The experience of joint production committees seemed to be that collective bargaining should not be mixed up with consultation on matters con-

cerning which the employer or manager alone had the right to act; so that many of our nationalized industries have established two sets of Whitley Committees, one for collective bargaining, and one for consultation.

Some trade unionists and left-wing socialists have always remained attached to the expedients of direct representation or joint control, and in recent years some unions have come out once more in support of these proposals, with the loud approval of the Communist Party. But there is nothing new in what they have to say, and the Labour Party and trade union movement as a whole remain faithful to, if not enthusiastic about, the accepted form of nationalization.

2. Socialist Views of Democracy

There are to-day few who hold that industrial democracy must *replace* political democracy in a socialist society. The formula now preferred is the more moderate demand that means shall be found to give the worker a voice in the control of his industrial life equal to that he already has in political affairs. But while ideas of industrial democracy have changed, socialist views on political democracy have not stood still, and the democracy which is to be paralleled in industry is not identical with democracy as understood by the socialist pioneers of fifty years ago. We must appreciate this change before we can give any definite meaning to 'industrial democracy.'

The change is most clearly seen in the development from Social Democracy[1] to Democratic Socialism, for

[1] The term is here used in its proper sense, signifying the theory of the pre-1914 Marxist socialist parties, predominant in the socialist movement of the Continent, but also represented in Britain.

there is a great difference between these two creeds, despite the similarity of names. The early Social Democrat had often to work against undemocratic restrictions, such as limitations on the franchise, and this for him was part of the struggle against the exploiting minority who benefited from both the economic and political systems as they were. He strove to complete what he called *bourgeois* parliamentary democracy because it seemed to him the best environment for carrying on the struggle for socialism. The revolution which would arise out of this struggle would enthrone proletarian democracy—the subjection of the minority of exploiters to the exploited majority. Proletarian democracy would prepare the ground for the classless society, in which government would become unnecessary and would give way to 'the administration of things'—a state of affairs not easily distinguished from anarchism. Democracy for the Social Democrat was a simple matter—that people should choose their own rulers, but, the revolution once achieved, this would amount to no more than the selection of men and women for what would be essentially administrative jobs. Party differences within parliamentary democracy were either a sham which prevented the exploited from doing more than expressing a preference for one rather than another of the ruling class, or a battle between the capitalist parties and the socialist parties which would end in the destruction of parliamentary democracy, and its replacement by a fuller democracy.

The Democratic Socialist of to-day takes a more sophisticated view of democracy. He has grown up in the environment of 'Western' democracy, and thinks of

it as the best form of government yet devised, which may be deepened by socialist measures, but which will not and must not be destroyed by socialism. For this reason he has a fuller appreciation of the devices of government in a parliamentary democracy than had the Social Democrat. Democracy is not only a matter of choosing who shall govern, it is a matter of making that choice more than formal by allowing opposition between parties, so that the elector may choose between men and between policies. The cherished democratic rights—freedom of speech, of meeting, and of the press—are valued both for their own sake and because they allow full expression to party political controversy. The government is responsible to the people, and it is responsive to their wishes, and to views expressed by the various groups or associations to which they may belong, because an opposition party or parties are eager to expose its shortcomings, or to exploit any hostility towards it.

We can now appreciate the significance of the difference between the democracy of the Social Democrats and the Democratic Socialists. The former believed that once the capitalist class was destroyed or its power sufficiently curbed, a government of workers would naturally rule in the interests of the workers, and there would be no need for placing restraints upon that government. It would, in fact, become unnecessary and die away. We now believe that the dangers of power are so great that even when a socialist government is in office every opportunity must be given to its opponents to bring about its defeat—so long as they use democratic methods.

It is true that most British socialists have never been

Marxists, either as Social Democrats or as Communists. They have rejected the dogmatism, the materialism, and the party discipline of Marxists, and most of them have had little liking for revolutionary ideas. It is also true that most of the parliamentary leaders of the British Labour Party, even before 1914, and certainly since 1918, have shown an appreciation of the forms of parliamentary democracy, and have willingly accepted them. When this is admitted, however, it remains undeniable that most active members of the British socialist movement have looked forward to a society, perhaps seen only hazily, but none the less attractive, in which public ownership would have removed class differences, and with them the main source of political conflict. In this socialist commonwealth civil liberties would remain, and would flourish on the fertile soil of economic equality, but the need for party conflict would be diminished. Differences between men or groups of men could be settled without the apparatus of political parties, and they would turn to higher and more satisfying activities.

This view is only now being revised in the light of the rise of Fascism and of Communism, but revised it must be if the theory of parliamentary democracy is accepted. Democracy is most certainly a matter of allowing everyone to voice his opinion and have a share in decision, but individual liberties and a universal franchise are not sufficient to achieve this in a community so large as the modern state. Individual liberties will allow a man to carry his grievances before the law to the highest court of the land, but they do not enable him to take his political differences very far, especially if they are differences with those in power.

In such matters he requires the organization of a party behind him for his voice to be heard.

Socialists have too often ignored the important difference between democracy in a small organization and democracy in the state. We run a million clubs, societies, and similar bodies on 'democratic' lines without the need or the desire for organized opposition. There is no need for it here because the prizes of power are small, so that the temptation to misuse it is less, because they are voluntary bodies so that those who feel oppressed can leave if they have no other remedy, and because they are small bodies so that the aggrieved individual or group has a reasonable chance of getting a grievance heard and righted without organized support. Amongst these reasons that of size is as important as any; pleasing pictures can be drawn of both paternalistic and anarchistic communities, so long as they are small, but paternalism on a national scale brings with it toadies, tale-bearers, and the oppression of a multitude of functionaries, and large-scale anarchy is the opportunity for the would-be tyrant.

The nation itself is not a voluntary association, and it is so large and the temptations of power are so great that government inevitably becomes arbitrary and oppressive unless some institution acts as a constant critic and check, with the strongest possible incentive to perform its task adequately (for the prize of successful opposition is power). Popular elections are not enough in themselves unless the electors are offered a choice between alternative rulers. The small association, which can manage its own affairs by popular decision, needs no organized opposition to deserve to be called democratic. Even a large association may

retain a considerable measure of democracy without organized opposition so long as it remains voluntary. But the price of liberty in the state is organized opposition.

Most British socialists have come to favour the form of parliamentary democracy which has grown up in Britain. Parliament is not restrained by a formal constitution, and the electoral system favours two closely-knit parties, and discourages minority parties and splinter groups, so that our governments are normally possessed of great power. This, we say, gives us the strong government which is necessary for good government, and the continued presence of an opposition ready and eager to form a government prevents this strong government degenerating into dictatorship. We look down upon the multi-party system of some continental democracies with its encouragement of coalition governments of the centre. We judge that it prevents either strong government or vigorous opposition amongst the coalition parties, and tends to turn the parties permanently excluded from power to revolutionary methods.

Coalition government is not debarred in Britain, but it has not proved a success except in time of war, and then it may be readily justified as necessary to the preservation of the normal system, which must be resumed when peace is restored. In peace we regard an active opposition as the guardian against both tyranny and petty injustice, against the danger that the government should take upon itself final and therefore dictatorial authority, and against the danger that the complaints of the weak may be overlooked. Government action in many matters may be by agreement

between the parties. Where the country is tolerably united there is little danger in this. But if agreement should spread beyond those limits, minority opinion would be stifled.

The socialist who accepts the theory of parliamentary democracy need have no fear that in a socialist society there will be no basis for organized opposition. Differences of opinion there will always be, and given the forms of parliamentary democracy, they will express themselves in political parties. The socialist may feel that no political conflict can be so important as that between capitalism and socialism. Future generations may feel equally strongly on other matters; and fail to understand our controversies of to-day, just as we now find it hard to understand the heat of many of the nineteenth-century conflicts between Liberals and Tories.

We must note one consequence of parliamentary democracy. Democracy within the parties differs from democracy within the state. Organized opposition, which must be encouraged in the state, is frowned on within the party. Its members must be united before the common enemy. Once policy is decided within the party, its members, and particularly its M.P.s, are expected to give their support. They may be permitted to press for a reversal of policy, but the pressure must be discreet, and they must be wary in forming groups for that purpose. 'Ginger groups' may perform a very useful function in livening up parties and introducing new ideas, but the party leaders fear possible splits and consequent discredit to the party, and they hold the weapon of expulsion. Moreover, despite notable exceptions, party prizes usually go to the faithful supporters of authority. All this is a necessary consequence of

parliamentary democracy, especially in the British system, for the more conflict there is within a party, the less is it able to perform its function of providing strong government or vigorous opposition. Parties are voluntary bodies, so that the power of the leaders over their members is restricted, but the main reason for the toleration of this limited democracy within parties is that if their internal democracy was more perfect, they would be less able to perform their functions within the state, less able to provide the nation with democratic government. It is tolerable, however, only because we have a parliamentary democracy. In a one-party state the shortcomings of internal party democracy are clearly revealed.

. . . . .

There is nothing new in this analysis of parliamentary democracy. It has often been made, and its conclusions are widely accepted. The purpose of restating it here is to show that in thinking about industrial democracy we must not take an over-simplified view of the nature of democracy, as industrial democrats have too often done in the past. Within the framework of elections and of democratic liberties, the institutions and organizations which make expression of opinion effective and make sharing in decisions a reality are of paramount importance. We must have regard to this in industrial democracy now that we have learned its importance in political democracy.

3. The Problems of Industrial Democracy

Our trade unions claim to be democratic institutions, and, indeed, the claim must be allowed if trade unions

are compared with many other institutions which make the same claim. But few of those who know them would be prepared to declare that their democracy is full and complete. Their constitutions present a great variety: some prefer to elect their officers, others choose to have them selected by an elected executive; some elect their executives and general secretaries by national ballot, others prefer to have them chosen by an annual conference; in all of them an annual or biennial conference is the supreme arbiter of policy, but some prefer to leave the executive free to act between conferences, whereas others check their executives by forcing them to have recourse to the ballot before action can be taken on certain matters. Despite this variety two generalizations may be made, at least about our larger trade unions. The first, that their chief officials and most important executive members are wellnigh irremovable and that their policies, put forward as agreed proposals on a principle of 'executive solidarity,' are generally supported by their conferences. Those who effectively govern the union rarely come before their members as a body to secure confirmation of their power, and where they do there is no effective alternative body to choose to make the votes of the members fully effective. The most that the disgruntled member can do is to vote for an opposition candidate in an election to an official position or in an electoral division, whether by area or by trade, for one place in the executive. The opposition candidate may well be unknown, and so stand little chance, and even if elected, is not in a position to effect, by himself, great changes in policy. The result is that very many trade union members may grumble about their unions'

policy, but do not take the trouble to attempt the very difficult task of changing it.

The second generalization is that when there is something of an effective opposition, it does not show itself to be an asset. The checking devices popular in some of the older unions, when put into use, may do nothing more than make leadership weak and ineffective. Besides this, organized opposition in the British trade unions over the last twenty or thirty years has been largely Communist. Before 1920, and particularly in the period 1910–20, 'unofficial reform movements' were common—for instance, amongst miners, railwaymen, engineers, and building workers—but the experience of the shop stewards' movement in the first world war and of the Communist-inspired 'Minority Movement' in the 'twenties has inclined union leaders —often rightly—to see Communist influence behind any opposition movement, and to take disciplinary action. In many unions this has not ousted the Communists, but, since power cannot be won by a single open contest at the polls, they have had to work by steps, marshalling block votes and capturing a place on a committee here and an official position there. Where this method begins to achieve success the result is that the leadership of the unions, nominally united in carrying out the agreed policy of the union, is split into bitter factions. When it has achieved complete success, leadership becomes united and effective, but even more solidly entrenched than ever, so that there is even less opportunity for organized opposition, and democracy is more remote than before.

These criticisms must not be exaggerated. A strong and sustained effort on the part of the membership of

any union can change policy and leadership. If such efforts are rarely made, it may be assumed that the membership is tolerably contented. To those who argue that the explanation is apathy rather than contentment, the reply may be made that union members can still vote with their feet. This opportunity is limited in establishments where the closed shop or the 100 per cent union rule apply, but the field for its application is still wide, and union leaders are sensitive to losses in membership. It is always open to the union leader to ask the man who criticizes the democracy of his union's institutions whether he could devise better. Trade union democracy is limited, but it is still democracy. If trade unions had no internal democracy there would be, at least where anything approaching a closed shop was in force, trade union despotism.

The main defence of this limited form of democracy, however, is the same as that of the limited democracy of our political parties. The primary task of a union is to protect its members, and to protect them against someone—the employer. The trade union is thus industry's opposition—an opposition which can never become a government. This explanation fits well. There is need for an opposition in industry. Not only would industry be autocratic without it, but we must remember that industrial units are not voluntary associations and autocracy, therefore, becomes all the more dangerous. It is true that the involuntary nature of industry cannot be compared with that of the state, but, on the other hand, most men are tied more closely to their job than to their bowls' club, slate club, or political party. Full employment has done much to reduce these ties, but the housing shortage has worked

the other way. The main activities of the union can well be interpreted as opposition, as opposition to the wages the employer pays, the conditions of the establishment, the way he and his agents treat his men, in the endeavour to obtain improvements. And the union has the incentive to oppose, to discover, if possible, the shortcomings of the employer. For if employers had no shortcomings there would be no need for trade unions —as we know them. The defence of the second-grade democracy of the trade unions is, then, that they must present a united front to the employers; that if their internal democracy were more perfect, industry would be less democratic, since its opposition would be too weak. This interpretation is attractive, but we must remember that there are important differences between politics and industry, and no analogy drawn from political democracy can be applied direct to industry without reference to them.

In the first place, managers and workers are engaged in a common enterprise whose success depends on working together, even if unwillingly. This is true also of a nation, but the bonds uniting the members of a single enterprise or industry, and their common interest in its success, are much more clearly visible. Many, perhaps most, electors think of their part in politics as passive. The worker must take an active, if grudging, part in the work of the enterprise in which he is employed.

Secondly, there is no industrial equivalent to the electorate. Industrial managements elected by workers alone might well exploit the consumer. Workers are in much the same position in relation to their industry as the civil service is to the state. Civil servants are still

only a small minority of the nation, and the workers of most industries are greatly outnumbered by the consumers. Yet the consumers of most commodities are far too scattered and difficult to identify to form an electorate. Only the state itself has the organization and power to protect their interests. And if the state does regulate industry in their interest we have, in private industry, three parties—workers, managers, and government.

The methods of governments and of the civil service are often thought to be too slow and bureaucratic to provide satisfactory industrial management. Industry is said to require more flexibility and greater speed of action. This is given as one of the main reasons for the adoption of the device of the public corporation in nationalized industry. In so far as it is valid, the forms of parliamentary democracy are unsuitable to industry.

If, then, the trade union is industry's opposition, it must pursue its ends by methods different from those of a parliamentary opposition. The aim of a parliamentary opposition is to defeat and replace the government. A trade union can never hope to become the government of industry, unless the syndicalist dream is fulfilled. It can never hope to do so by such constitutional means as present a broad and inviting path to the parliamentary opposition. Just because the trade union cannot attain its ends, revolution excepted, by replacing the industrial government which it faces, the industrial equivalent of legislation—the collective agreement—differs vitally from parliamentary laws. In Parliament, Bills are normally proposed by the government and passed because of its majority. The opposition, if it can see any profit thereby, attacks the government's pro-

posals, seeks to show that their effects will be harmful, and votes against them. It may indeed seek to amend some aspects of a Bill, and claim credit for any amendments which the government accepts; but the final act is the responsibility of the government alone, and the greater its unpopularity, the more obvious its failure, the more is the opposition pleased, for the failure of the government is the victory of the opposition. The collective agreement, however, is a joint affair which commits both parties equally. The trade union may accept certain clauses, or even the whole agreement, because the alternative is the posting of terms which its members will have no alternative but to accept, but the signature of its officers is appended to the agreement, and they are responsible for seeing that its terms are honoured by their members, until and unless it is revised.

The process of joint consultation, of which so much is heard to-day, has similar results. Joint consultation may be any exchange of views between workers or their representatives and employers or managers on matters of common interest, but it is usual for discussions which precede collective agreements to be called collective bargaining, and for the words 'joint consultation' to be reserved for discussion on other matters. It may go no further than an exchange of views and that in itself may be useful to both parties; but the purpose of joint consultation, in most instances, is to come to some understanding, short of a signed agreement with all that entails in responsibility and as a precedent, which is nevertheless a *joint* understanding; the one party is morally bound to carry it out, and the other to give its support. Thus we can see that the essential difference

between parliamentary and industrial opposition is this: the parliamentary opposition attacks the government in order to discredit the government, and thereby to bring nearer the day when it shall be given the responsibility for doing better; the industrial opposition attacks the employer in order to force him to accept an agreement more favourable to its members, for which it will take, along with the employer, a share of responsibility.

Out of this arises one of the most difficult problems of industrial democracy—the problem of trade union responsibility. The trade union opposes the employer in order to secure from him more favourable treatment for its members, but the wider the scope of its collective agreements, and the more inclusive the coverage of the understandings arising out of joint consultation, the more probable it is that any individual action taken by the employer or his agents, which has an effect upon the workers, is taken within the terms of an agreement or under the shelter of an understanding. If any worker or group of workers feels a grievance arising out of the act, the union cannot give support, and is even bound to use its influence to persuade acquiescence. Admittedly, there arise under any collective agreement or understanding a host of debatable issues in which the union may seek to show that the action of the worker is justified, and the action of the employer wrong, but however wide the contested frontier, each agreement or understanding makes more ample the territory in which the action of the employer is unchallengeable, unless it breaks the agreement, and until the agreement is revised. An employer may pay pensions to his workers. The union may contest every pension paid—

without effect, for what right has it to interfere in a scheme drawn up by the employer, and financed by his generosity? To achieve its ends, the union may then propose a better scheme, discuss it with the employer, modify its proposals, and finally come to an agreement, which is drawn up and signed. Thereafter it can challenge only those cases in which there are reasonable grounds for claiming that the employer has infringed the agreement.

Despite agreements, grievances arise, and the function of the union is then violently changed. From being champion of the workers, it must change to acting as policeman for a joint agreement with the employer. This function is admittedly necessary, in the interest of the union and in the interest of the workers themselves; but it is not so popular, nor so satisfactory a role, as that of champion of the oppressed. It is out of this necessity that there arises much of the discontentment that leads to unofficial strikes; and in so far as this is the cause of unofficial strikes, the Communists or other malcontents on whom the blame is laid are carrying out the function of opposition. They may misrepresent, they may exaggerate grievances, but is it not the task of an opposition to do so? This is not, of course, the only cause of difference between 'rank and filers' and union executives. In any large-scale organization the different viewpoints of those at the centre and those at the periphery must cause some trouble; and in a trade union, in which the means at the disposal of the executive to discipline its members are not usually of great strength, the trouble is likely to come to the surface; trade unions are not less democratic because of that.

We can see at once that there is an overwhelming case against trade union control of industry. If the trade union became the government of industry it would be transformed from a largely voluntary to a largely involuntary association. All the shortcomings of its internal democracy, which may be justified when its primary function is one of opposition, would become powerful engines of oppression; and there would be no recourse to help against that oppression, for with trade union government of industry, trade union opposition would have ceased. Similar objections can be made to joint control; in so far as the joint control was effective, it would work in the same way as trade union control, and in so far as opposition remained, industrial government would become a weak and unhappy coalition. It is unnecessary to mount a heavy attack against ideas which live on only as the pale ghosts of the enthusiasms of the crude but heroic army of the early syndicalists. The point to be made is that, even whilst it avoids these obvious pitfalls, a trade union, by binding the employer, and therefore itself, over an even wider field of industrial activity, may find itself in an almost equally dangerous position.

It would, however, be of no assistance to the union to advise it to avoid responsibility at all costs. For by avoiding responsibility the trade union condemns itself to the easy but largely ineffective role of permanent opposition. The problem can be neatly illustrated from the experience of the most criticized institution in the field of industrial relations in post-war Britain—the National Dock Labour Board. The two wartime schemes for the decasualization of dock labour—the Ministry of War Transport scheme in the north-west

ports, and the National Dock Labour Corporation (a joint body of employer and union representatives with an independent chairman) were due to be wound up at the end of the war, but were maintained until some permanent decasualization scheme could be worked out to take their place. Both sides were agreed that there must be some permanent scheme, but there were grave differences concerning its form. It was clear that the cost would have to be met, as with the wartime schemes, by a percentage charge on the wages bill. The employers were naturally anxious to keep the charge as low as possible, and so proposed a monthly rather than a weekly guaranteed payment, so that weeks of high earnings might be balanced against weeks of low earnings before any guaranteed minimum was paid. They also wished the administration of the scheme to be in the hands of a port manager. The unions wanted to retain the principles of the payment of 'attendance money' to a docker reporting for work if no work was available, and of a weekly 'fall-back' wage for all who fulfilled the requirements of the scheme. They were also afraid that port managers might reduce the number of registered dockers to the minimum and deal with fluctuations in demand for labour through the employment or discharge of unregistered workers, since by this means also the cost of the scheme might be reduced. Their proposal, therefore, was to retain the joint administration of the National Dock Labour Corporation. A strong case could be made out for the unions, since the reduction of costs, either by lowering the guaranteed minimum or by using unregistered labour, would reintroduce something like casual labour; and in the end their

view was accepted by the various Courts of Inquiry which considered different aspects of the scheme. Thus the unions undertook to make the scheme as favourable as possible to their members by sharing in its administration, and thereby accepting the responsibility for seeing that their members carried out the decisions of the new joint board. The board's function is only to administer the decasualization scheme; other matters of common interest are dealt with through the conciliation machinery of the Joint Industrial Council, similar to that of other industries; the board is, therefore, not a body for the joint control of industry of the kind proposed by the guild socialists. Whether the dockers' unions have accepted too much responsibility under the scheme is a matter for debate. The conclusion which can be firmly drawn is that it is necessary for a union both to oppose and to agree, and that industrial arrangements deserve to be called democratic only when these two functions are within the region of balance.

The approach of the employer or the manager to industrial democracy is radically different. Whatever his purpose, whether it be to make a profit, to make a success of his undertaking, to leave a stable concern to his children, or to get through life as easily as possible, his interest is in getting his whole staff to work together as well as possible. To achieve this end he may, and in the past too often did, rely wholly on fear, on threats, on punishment, and on the sack—there is no democracy in that. He may have a genuine interest in the welfare of his staff, and be convinced that the best work arises from willing co-operation, and yet strive to exclude trade unions as outsiders who have no claim to interfere

in his establishment, and set up welfare schemes, internal representative organizations, or co-partnership schemes to achieve his purposes and to avoid the need for unions. Opposition is alien to both these methods. The 'good employer,' however, rarely uses either of them to-day. Although we must remember that there are still in Britain undertakings both large and small where trade unions, with every encouragement, can make no headway and in which the workers, with or without internal representative organizations, appear to be satisfied to leave the government of industry entirely to the employer, most British employers now accept trade unionism. The 'progressive' employer welcomes trade unions, encourages his workers to join them, perhaps grants them the security of a closed shop, takes pains to keep on good terms with the union officials, pays a full-time elected secretary of the workers' side of the works council to devote his time to looking after the interests of the workers; and the reason for it is that he feels that willing co-operation can only arise out of independence. The trade union may be allowed to oppose him and to protect the worker, because the employer thinks that union opposition may be led to play its part in achieving genuine co-operation.

Can this be called industrial democracy? It has already been pointed out that trade unions have not yet entirely accepted this interpretation even in the establishments where it is carried out most fully and most sincerely by the employer. The task of opposition becomes very different from that of parliamentary opposition. Parliamentary opposition assumes and seeks to reveal that the government is wrong; but the

assumption of this interpretation is that the management of industry is fundamentally sound, and requires independent opposition only to guide it into the right course, which the employer is only too eager to discover. Dare we make this assumption?

In some ways industrial paternalism comes closer to the theories of the syndicalists than does the interpretation which makes opposition the primary function of industrial democracy. To explain this, we must digress into political theory. Political theorists have always differed as to whether the co-operation necessary to any stable and happy society is 'natural' or 'artificial.' The theorist of parliamentary democracy must believe that the device of government, resting ultimately upon the coercive powers of the state, is necessary to produce sufficient co-operation; and yet that, to preserve freedom under such a government, the essentially disintegrating force of opposition must be permitted and even encouraged. A free society must depend on a balance between disintegrating and unifying forces. The anarchist, and with him the syndicalist, believes that a unified society would arise 'naturally' if only the restraints of coercive government and class distinctions were removed. The paternalistic theory, based on the analogy of the family, also accepts a 'natural' unity, but makes it dependent, not on equality and liberty, but on the functioning of society as an organism in which the various members carry out their different duties, whatever they may be. The theory which lies behind the modern progressive employer's approach to industrial democracy is not pure paternalism, for he accepts independent trade unionism. But it contains, and must contain, elements of paternalism. Leadership

in the common effort comes from above. The pressure is not from below. Progressive management seeks to draw its employees into an intelligent co-operation in its undertaking. Independent trade unions are accepted in the hope that they may play their part in achieving this end. But since unions must remain outside the undertaking to maintain their independence, since they must remain a permanent opposition, they cannot take the lead in this, and they must, for the same reasons, avoid complete assimilation to the management's purpose.

The progressive employer and the syndicalist, then, have this in common, that they wish to make industry work through genuine co-operation in a common purpose. Moreover, both of them can argue that their primary object is human happiness; and the argument that working together to a common end is productive of happiness may be readily accepted. It is much harder to demonstrate that deliberate opposition leads to happiness. Besides this, the most advanced experiments in industrial democracy which are now being carried out by managers in British industry are taking place in units of something like the size which the syndicalists looked forward to as the proper unit of industrial democracy. For they are mainly in small or middling concerns, and not in anything approaching the size of the modern state, or even of a nationalized industry. Paternalism and anarchism may both be made to appear attractive when the units to which they are applied are small enough. And these experiments under managerial leadership have worked out well enough in a number of instances; for managerial leadership has the advantage over anarchism that it

does give government. The anarchist community is internally and externally weak. So many self-governing workshops have failed because they lacked drive without strong management, because they preferred to distribute their earnings rather than make provision for the future, because they did not acquire capital at a sufficient rate to stand up to external competition. But the successes of these experiments cannot be taken to show that the parliamentary democrat is wrong in supposing that organized opposition is necessary to the preservation of freedom in a large community.

There have long been two schools of democrats, the one seeking to interpret democracy passively, as a means of ensuring as far as possible that governments act according to the wishes of the people, and the other arguing that democracy must mean more than that, must mean the active participation of the people in the work of government. The first school have replied that 'active participation' slips so easily into the assumption of a common purpose, and thence to some mystical 'general will.' Then those whose actions and ideas seem contrary to the 'general will' are regarded as evil, and soon suppressed as disrupters of the common purpose. So that the last state of the democracy of active participation is indistinguishable from totalitarianism. Admittedly, this danger would be avoided if the active participation was in the work of an anarchist society; but few of us to-day have the courage to be anarchists. Although working in industry involves active participation in industry, we cannot, for these reasons, accept 'active participation,' based as it must be, if anarchism is avoided, on managerial leadership, as a full and adequate definition of industrial democracy. We must

also include the trade union as an opposition body which, however beneficent the employer, however eager he may be to carry his workers along with him in everything that affects them, can never be absorbed into an organic industrial order; for if it is absorbed, where is the guarantee of democracy? Progressive management, in accepting trade unionism, goes beyond a purely paternalistic 'active participation,' but its view of industrial democracy remains necessarily a managerial view. Trade unionism, which, while desirous of intelligent co-operation, sees its primary function as protection of workers against employers and managers, has an equally valid approach to industrial democracy.

We may well, however, accept progressive management as part of industrial democracy, and as the more important part the smaller the industrial group we are considering. To deserve the name democratic it must be management which accepts and comes to terms with trade unionism, for, although without that it may be a paternalism which cares satisfactorily for the welfare and happiness of its workers, there is no independent barrier against degeneration into autocracy. No internal scheme of representation can deserve to be called independent, and there is a firmer foundation for democracy in trade union opposition to the most autocratic employer, than in the undertaking of the most benevolent of paternalists without trade unionism. The more autocratic the employer, and the larger the group we consider, the more necessary it is to stress the element of opposition in democracy. For we have learned to believe that in a large, and particularly in an involuntary association, an organic

conception of democracy is likely to be a cover for coercion and oppression in the service of a mystical common purpose and general will.[1]

As soon as we reject any simple and unique definition of industrial democracy we can see that a number of combinations of its elements—trade union opposition and willing participation of workers with management in a common enterprise—is possible, and that there may be ample room for argument about which combination is the most democratic. This need not disturb us; surely it needs no elaborate argument to show that democracy is a relative matter, and that the determination of more or less is in large measure dependent on the frailties of human judgment, and on the field in which it is to work. In fact, there exist many combinations of the elements of industrial democracy in different establishments and in different industries, and different combinations may seem to give equally satisfactory or unsatisfactory results. If the elements outlined above are accepted as those most important in industrial democracy, then discussion of industrial democracy in nationalized industry must become a discussion of which combination or combinations seem most likely to work out well in nationalized industry as we know it in this country. But first we must familiarize ourselves with the background by looking at some of the general problems of nationalization.

[1] It is worth noting that the currently popular study of 'human relations in industry' has concentrated its attention mainly on inquiry into relations within small industrial groups, and has also, perhaps because of this, neglected the importance of power relations within industry. When its exponents talk of industrial democracy they therefore tend to stress the importance of common endeavour to the exclusion of the need for independent checks to power.

Chapter II

SOME GENERAL PROBLEMS OF NATIONALIZATION

THERE are several aspects of nationalization which must be discussed before we can take up the labour problems of nationalized industry and consider the application to them of the theory of industrial democracy. The organization of our nationalized industry must be outlined. Discussion of democracy *within* these industries must be preceded by a brief inquiry into the arrangements for bringing them under the democratic control of the state, and for making them accountable to the nation. And some of the difficulties which arise from the vast scale of organization of most of our nationalized industries—which deeply affect relations between managers and workers—must be described.

1. The Forms of Nationalization

At the end of the last century British socialists looked to established models as the forms of public ownership, to the municipal trading services, or to the Post Office. Since then, as we have seen, their ideas have evolved under pressure from syndicalists and guild socialists on the left advocating some form of workers' control, and more right-wing antagonism to the restraints of departmental and treasury control, until the device of the public corporation has won general acceptance.

The government department is a strictly hierarchical institution at whose head is a minister answerable to

the Cabinet and to Parliament for its activities. The administration of the department is naturally largely in the hands of its senior civil servants, and financial control rests with the Treasury. The same pattern is followed by those departments which are charged with the management of industrial undertakings. The Post Office made certain internal changes following on the report of the Bridgeman Committee in 1932. Something like a board of the senior civil servants was introduced to modify management by the secretariat; the service was divided into regions which were given a limited autonomy, and the technical staff was brought more into the general task of management; in addition, some changes were made in the system of accounting and in the form of Treasury control. The industrial undertakings run by the Admiralty and the Ministry of Supply, the dockyards and the royal ordnance factories, have a greater autonomy in operational management than most other sections of government departments. These are, however, differences within the pattern. The financial control of the Treasury, along with the uniformity of the service and the pressure of the trade unions concerned, has led to a highly centralized form of collective bargaining.

There is no strict definition of the public corporation. It must be a corporate body entrusted with the control of public property. All our public corporations are appointed bodies, thus distinguished from local authorities, and they are all statutory bodies whose powers and duties are defined by Acts of Parliament. In the recently nationalized industries the corporate bodies have, in most instances, been boards of less than ten members, and never of more than twenty members,

chosen by the minister concerned. They are responsible for the management of their industries, and, except in special cases such as the B.B.C. or the subsidized Airways Corporations, financially independent; but the minister has wide powers to give general directions to the boards. In this the post-war public corporations differ from the old Central Electricity and London Passenger Transport Boards. In the latter the minister's powers were restricted to the dismissal of board members in certain circumstances and the fixing of their salaries. Because of this, Members of Parliament could question the minister concerning the affairs of the corporation only within the narrowest limits.

There are considerable differences in internal organization between the various public corporations. The Coal Board and the Airways Corporations are complete masters in their own house. (The Divisional Coal Boards are creations of the N.C.B.) The various executives which manage the undertakings vested in the Transport Commission are mentioned in the Transport Act and their members are appointed by the minister, but they have no powers other than those granted by the commission except that they are the employers of their staffs. The Area Boards which are charged with the distribution of electricity are statutory bodies with representation on the Central Authority and a certain financial autonomy. The Area Gas Boards are the public corporations within that industry, and the Gas Council is a federal body with powers only to issue stock, to establish a central fund, to collect information, to establish collective bargaining machinery, and to interfere in the affairs of a board which fails to discharge its obligations; otherwise the Council

can only act with the consent of the boards concerned. The Iron and Steel Corporation is the sole shareholder in the undertakings scheduled under the Act, and thus exercises control over *existing* undertakings by means of the normal powers of a shareholder.

Despite this diversity there is in the major industries concerned, apart from steel, a general pattern of a national board, regional boards (except for transport when the division is by class of service—railways, road passenger, road haulage, etc.), and below these are hierarchies of individual responsibility leading down to the manager of the individual undertaking. In the mining industry, for instance, divisions are split into areas, and those frequently into sub-areas, below which is the individual colliery and its manager.

There are a number of appointed public bodies which do not fit exactly into either of these classes. The Port of London Authority, for instance, is a public corporation representative of the interests concerned. The Forestry Commission is largely financed by the Treasury and therefore subject to direct parliamentary and departmental control. The various boards and executive committees which, along with the local authorities, administer the Health Service, are both representative and directly controlled. The Forestry Commission and the Health Service may perhaps be best classified as a form of departmental organization. To enter into details about these bodies would, however, be merely confusing.

2. Problems of Accountability and Control

Once we reject the syndicalist doctrine that, since workers are also consumers, control of industry by those

working in the industry would give adequate defence of the interests of consumers and adequate consideration to national interests and the needs of national planning, we must have some means of public accountability and control. Accountability—the rendering of an account—necessarily involves some control if it is not to be an empty formality. The accountability of Parliament to the electorate is dependent upon the power of the electorate to get rid of the Members of Parliament. Usually, however, we think of control as something more than ultimate authority; we think of it as a continuous process of checking or encouraging. As a continuous process it requires, to be effective, more information and a greater intimacy with the organization concerned than is essential for accountability. If the council of a local authority is to exercise control over its departments it must have a much more detailed understanding of their work than most of the local electors, to whom account is rendered, could or would wish to acquire.

In a government department control is exercised by the minister, by permanent officials responsible to him, and by the Treasury. The minister is accountable to Parliament, which may be able to make enough trouble to force the Prime Minister to get rid of him, and can, in the extreme case, throw out the Cabinet. Parliament is accountable to the electorate, which certainly can change the government when a General Election occurs. In matters of finance and allied subjects, such as numbers employed and rates of pay, the department is responsible to the Treasury as well as directly to Parliament. Its estimates are scrutinized by the Treasury, and may also be looked at by Parliament's

Select Committee on Estimates. The Comptroller and Auditor-General audits its expenditure, and with his aid Parliament's Public Accounts Committee can also vet their accounts. The purpose of the two parliamentary committees is to advise on details rather than to criticize policy, which will have already been decided by the Cabinet and sanctioned by Parliament.

It has often been argued that one of the greatest advantages of the public corporation is its freedom from detailed departmental and parliamentary control. The Labour Party criticized as irresponsible the almost complete independence of such pre-war corporations as the L.P.T.B., and in its post-1945 Nationalization Acts the Labour Government has given the minister not only power to appoint and, in certain circumstances, to dismiss, the members of the boards, but also power to issue directions to the boards. In so far as the minister is thus responsible for the affairs of the nationalized industries, he is accountable to Parliament in the same way as for his department. He renders account by answering questions and taking part in debates. The extent of his liability to give answers to questions is not clear, for he may influence boards without formally using his powers to direct.[1] The Speaker allows debates —for instance, on the reports of the nationalized industries—to range wide, but it has become clear that very little of the ground can be covered in infrequent debates. They have so far been used as occasions for airing party differences over nationalization policy. And, indeed, judging from the use made of debates on departmental estimates, that is just what should have been expected.

[1] The boards undertake to answer M.P.s' questions directly. But correspondence has not the publicity of the parliamentary question.

The lines of accountability and control are thus blurred. The minister has more power over the industries than is necessary to secure accountability, and may, in fact, exercise considerable control without being fully responsible to Parliament.

The authors of the Acts have also tried to make the boards more directly accountable to the public by providing for the setting up of national and regional advisory consumers' committees. The committees are appointed by the minister, and some of them include members of the boards. They report to the minister. Advisory committees of this kind are not entirely new. The Post Office has had a similar committee for some time. But they received considerable attention during discussions over the Nationalization Acts, and much has been expected of them.

Schemes of charges proposed by the Transport Commission are reviewed by the Transport Tribunal, the successor of the Railway Rates Tribunal. The decisions of the Tribunal are subject to the over-riding authority of the minister, but it is a powerful body with an honourable record, and its findings are not likely to be disregarded.

There are also the hierarchies of joint consultative committees which have been set up in each industry to bring together representatives of the management and of the workers. These may be thought of partly as a means through which the boards and their subordinate managers render their account to their employees. But they are to be dealt with in a later chapter.

Both control and accountability involve judgments and judgments can only be made on the basis of

standards. Unless we have standards of expectation with which to compare what is being done, we have no means of deciding how control, whether continuous or ultimate, should be exercised. In this respect the newly nationalized industries are in a different position from established institutions. The established institution is not expected to show great changes from year to year. If the results of one year are roughly the same as those of the year before, or, still better, show a slight improvement, we are normally ready to assume that everything is going well. But of nationalization great changes were expected. The hopes of socialists have long been centred on nationalization. Few to-day expect as much of nationalization as did socialists of two generations ago. To them nationalization seemed the only means of achieving a large and immediate redistribution of incomes. Since that time much has been done by the progressive taxation of incomes and by the financing of social services out of taxation. Nationalization then seemed the only possible means of subjecting industry to the government planning which was to avoid waste and end the trade cycle. The experience of the two world wars and of the third Labour Government has shown, however, that a great deal can be done by methods short of nationalization. (We cannot yet judge whether the existing controls over private industry and the nationalization of the 'key' industries have given the government enough power to avoid the dangers of a major slump, or whether further large doses of public ownership would be necessary for that.) But when all this has been said it remains true that most socialists expect a great deal of nationalization—some redistribution of incomes

through lower salaries, limited expense accounts, and the replacement of equity rates of interest by gilt-edged rates; greater internal efficiency and more regard for the needs of the country, so that the nation's resources shall be well used; and a freedom from pursuit of profit which will encourage a better will to work.

Besides these high expectations of a general character most of the industries recently nationalized have been expected to carry out particular schemes of reorganization. The coal industry is expected to step up its efficiency by the methods suggested in the Reid Report, which involve long-term projects of government-assisted capital development. The Transport Commission is to achieve the rational use of road and rail, in which all inter-war schemes of compensatory taxation and restrictive licensing failed, by devising a co-ordinated service and a co-ordinated system of charges. The electricity industry is expected to carry out the recommendations of the McGowan Report for an integration of electricity generation and distribution to fit in with the already centralized grid. The Gas Boards have to plan the supply of gas on a regional basis in the manner suggested by the Heyworth Committee. Reorganization on these lines was widely admitted to be necessary, and a Labour Government thought that nationalization was the best means of providing the organization to carry it out.

Much has been expected of the nationalized industries. Consequently great interest has been shown in their achievement. Where much is expected, disappointment is likely, and disappointment may cause even greater interest in what is being done, in order to discover just where failure has occurred and how it

might be overcome. That nationalization is a live political controversy adds further interest. But in trying to gather the knowledge necessary to make an accurate judgment we meet difficulties. It is not time to make final judgments about the industries nationalized since 1945. The projects which they are expected to carry out involve extensive investment over a long period, and their task has been made more difficult by the heavy deterioration of equipment during the war and the cuts in capital development programmes of recent years. Moreover, to make an accurate judgment about efficiency we need figures, but which figures are we to choose? Figures of physical productivity—tons of coal per manshift—cannot tell us the whole story, for improvement here may be accompanied by a rapid increase of costs, and a national loss on the financial results of the industry. Nor can we depend entirely on the accounts, for capital investment does not normally yield much return until after it has been completed, so that the accounts for a single year, or even over several years, may not show whether investment has been wise. Since nationalized industries are monopolies, and the prices of their products are not fully determined by competition, their accounts may be made to show a profit merely by pushing up the price. Even when we have before us the bulky and carefully prepared annual reports of the nationalized industries we run into difficulties of this kind in trying to assess their work.

Difficulties of this kind and the weaknesses shown by some of the instruments of accountability and control have led to proposals that these instruments should be strengthened and new instruments devised.

It has been suggested, for instance, that the minister should answer questions concerning all matters on which he has influenced, or is entitled by law to influence, the board. Parliament should be assisted in criticism by the setting up of a Select Committee on Nationalized Industry, or one for each industry, with expert staff to help. An entirely new kind of organization should be set up, staffed by super-experts, to conduct an 'efficiency audit' of the industries. Alternatively, or in addition, an industrial parliament should be set up, parallel or subordinate to our present Parliament, which would have the time and the ability to debate industrial matters. The consumers' committees should be strengthened by amalgamation into one hierarchy to cover all the industries, linked with the local authorities, and again served by accountants, solicitors, engineers, and other experts. There should be in each industry a tribunal, or a battery of tribunals, to deal with complaints about prices, and these, naturally enough, would have to be specialist bodies.

We certainly want the boards of nationalized industries to be responsible for the efficiency of their industry, and to be accountable in the exercise of that responsibility. The boards are responsible to the minister concerned and to Parliament, and since most Members of Parliament cannot be expected to know much about the affairs of any particular industry, it seems reasonable to suggest that special agencies might be set up to advise them. It has recently been announced that the boards will submit to a periodical inquiry like that which precedes the renewal of the B.B.C. Charter. There can be little objection to this; but the danger is that outside committees or an efficiency audit, staffed

by experts, might interfere with the management of the industry. Analogies are made with industrial consultants. Now it seems to be fairly generally accepted that the proper role for industrial consultants is to come in to give expert advice to businesses in matters in which the latter feel they need it. If the consultant is asked to show the management how to manage all kinds of frictions may arise, and more harm than good may be done. Since the advice is commissioned and confidential, the management is free to accept or reject. A committee issuing public reports, or reports to a minister with wide powers to interfere in the industry's affairs, would clearly have greater authority and might grow from an instrument for assisting accountability to an instrument of control. If the board already consists of the best men, advised by the best experts, there seems to be nothing to be gained and a great deal to be lost by setting up a body which would act in this way. There are no automatic devices for ensuring good management; it is a matter of judgment based on expert advice; and the place of anyone who can supply this better than the present members of a board is on the board, not outside. Moreover, if agencies of accountability are raised to agencies of control, means must be found of making them accountable to some other body.

Amongst the functions of consumers' committees—which include reviewing the plans of the nationalized industries—the most important is to serve as a channel for consumers' complaints. The bulk of the complaints made to any undertaking come from those who make a hobby of their grumbles. A consumers' committee thus has to spend much of its time explaining to such

people that their complaints are unjustified and thus runs the risk of being called a creature of the board. Besides this, a committee, especially if it has some good members, will waste a lot of time in doing this and may run at greater expense to the community than a public relations department. Some complaints are justified, however, and no doubt many more would be forthcoming if the public felt that they would bring results. Herein lies the case for consumers' committees. They have not proved very successful so far, but since they have been set up it might be well to give them a longer trial, and even to strengthen them by amalgamation and by linking them with the local authorities (which would make them more familiar to the public). To staff them with experts, however, and to try to raise them into yet another subsidized set of critics of board policy would raise the same objections as have been made above. If there is to be a host of such semi-independent, specially staffed bodies, the industry itself will be denuded or the experts will be third-rate and the criticism valueless.

The public has a strong interest in prices; it requires to be assured that monopolistic profits are not being made, and that inefficiency is not being covered up by over-charging. Since accounts are published, it should not be difficult to give assurance on the first point, and any tribunal which attempted to determine the second would again run the risk of taking on the job of the board. The consumer's first protection is the power of the minister to control prices, by using his power to direct, or by issuing orders under the Supplies and Services Act. To exercise control over the exceedingly complex rates and charges of the transport industry,

the Minister of Transport may well require the expert advice of the Transport Tribunal. Within the framework of the price-policy there may be instances of 'undue' preference, or of the subsidization of one product by another. A consumer may feel aggrieved in these matters, and anxious to take his grievance to a tribunal, which would serve as a check, but an expensive check, against gross impositions on a particular class of consumer. There is, however, no exactly 'right' price policy outside the economist's text-book. Like other aspects of management, the fixing of prices depends on judgment, so that most grievances will be debatable. Since the board and the minister already exercise their judgment in the matter of price *in the public interest*, are we likely to be much better off if we set up a tribunal or group of tribunals in each industry as a further check?

Prices, however, are not entirely a matter between producer and consumer. Prices are one of the most important points of contact between each individual industry and the rest of the economy, and must be of concern, along with quantities produced, investment programmes, and so on, to anyone interested in general economic planning. Now the only agency which has the power to carry out an economic plan is the government itself. Planning boards and committees only have power as advisers to the Cabinet. Those who do the work of national planning must have regard to general problems and over-all requirements and not look through the spectacles of any individual industry. No nationalized board can be left responsible for determining what demands the nation should make of it. Here, then, we enter into a field in which the board

must be *controlled* by an outside body, and must receive directions from the minister concerned. What difference this makes to the general pattern of accountability and control depends on how much interference the needs of national planning dictate. If all that is needed is a periodic instruction to the board informing them of the framework in which they are expected to carry on, the board may remain accountable to the minister. If planning requires constant ministerial supervision over the basic nationalized industries, we must accept that the economic work of the government can only be judged as a whole. The board must then be regarded as an agent of the government, and the supposed great difference between the public corporation and the government department is much reduced.

We can see, then, that the main channel of accountability for both public corporation and government department is through Parliament to the electorate, although the degree of direct ministerial control varies. Since Parliament is an essential link in the chain of responsibility, nationalized industries cannot, as is frequently suggested, be taken *outside* politics. So long as there is serious controversy about nationalization and about the policies and administrative methods of the nationalized industries, these matters must be debated as political issues if accountability is to be exercised. Within this framework consumers' committees, parliamentary committees, departmental committees, price tribunals, and the like may be useful so long as it is clearly understood that they cannot be allowed to *replace*, but only to strengthen, the links in the chain; so long as it is understood that they have no means of judging how the industry should be run

which are not open to the board and no means of assessing the national needs better than the Cabinet; and so long as it is remembered that there are no automatic devices for determining whether industries are efficient, whether investment programmes are right, and whether prices are correctly set. Those to whom the management of the industry is responsible must exercise their judgment as best they can on the information available, perhaps seeking expert advice, but not raising such advisers to the status of the real controllers of the industry.

This may be alarming to Liberals who, having unhappily admitted that some industries, for special reasons, must be made into public monopolies, then look in horror at the vast economic powers that have been concentrated into the hands of a few men, and seek desperately to raise new authorities to check them, and still more authorities to check those. Such fears are based in the philosophy which holds that power must be so spread as to make its exercise wellnigh impossible, that weak government is good government. There is no need for the socialist to share these fears if he is confident in his assumption that, once the profit motive is taken out of industry and its conduct entrusted to the best men the government can find, the results are likely to be better than under private enterprise. Those who control nationalized industries do possess great power, which no democrat could allow to be exercised irresponsibly. They have been made *accountable*, and the means of accountability may well require some improvement; but if their every action needs to be *controlled*, nationalization and socialism are unworkable.

The methods by which control and accountability

are achieved are of interest to the workers in nationalized industry and to their unions. They naturally like to have an employer with whom they can deal directly and whose word they can accept as final. A multiplication of independent authorities controlling nationalized industry would give them, whatever the law might say, a number of separate employers, each of whom might shelter behind the others in dealing with matters in which the workers are vitally interested. Even now we can see that when a nationalized industry is run by a public corporation and the minister is given continuing authority over the board, the distinction between accountability and control is blurred, and the minister becomes, in a sense, the employer along with the board. An attempt to distinguish more clearly the functions of the minister and the board would not only assist to determine the proper scope of parliamentary questions, but would also help good industrial relations.

3. Problems of Centralization

Unless nationalization is undesirable, centralization, the concentration of authority over at least some matters in the centre, is desirable, and the consequent loss of at least some power in the units of industry must be justifiable. Troubles, however, do arise. The first is due to the creation of a number of managerial stages between the operational manager and the national board. The job of each one is to manage (for if they were merely channels of communication, the telephone and the letter would be infinitely cheaper and more convenient), and if they are to manage they must gather the information to take decisions and then

decide. Since the sub-area manager, the area manager, the regional board, by whatever names the industries have chosen to call these intermediate stages, are expected to put in a day's work they must find something to decide. The danger is, then, that the operational manager may find that matters are taken out of his hands and that they are at once filled again with bundles of directives. If he is a man who is content to be a 'well-paid charge-hand' he may be satisfied with this; if he has illusions about managing he will be unhappy.

The stages of authority are complicated by the position of the functional expert. On the value of the functional board, a popular controversy of the early days of nationalization, there now seems to be little disagreement. If the members of the boards are put in charge of departments, their chief officers become assistants, they themselves have no time for policy, board meetings become departmental wrangles, and the chairman has to arbitrate endless disputes and also decide policy by himself. Whether this description is violently exaggerated or not, it is now widely held that a board consisting of a chairman and vice-chairman, to act as figureheads and to take day-to-day decisions on behalf of the board, together with a number of part-time members from outside to bring fresh light on to the policies of the industry, is probably best, and that chief officers should be left to run the departments under the board. There may be exceptions to this; in labour matters, especially where there are separate welfare, labour relations, and establishments departments, there may well be a need for a full-time board member to provide co-ordination below the level of

the chairman. Similar considerations may apply in other departments. The trend, however, is strongly away from the functional board.

This, however, is only a beginning to a solution of the difficulties raised by the functional expert. Each managerial stage has its staff of experts—engineers, accountants, labour officers, commercial advisers, and so on. If they each possess authority over the managers of subordinate units, chaos is the likely result. The easy answer is that in any properly organized institution the staff and line principle is followed. There is one clear line of authority, and experts must serve only as advisers. Their instructions are only passed down the line if they are accepted by the appropriate manager and passed down on his authority. It is, however, too easy an answer. For the manager of the subordinate unit knows very well that his superior is acting, as he should be, on the advice of his experts, and that the success or failure of his actions in their various fields will be judged by them. His chance of advancement depends on the view that his superiors, and especially his immediate superior, have of him, and that is likely to be formed partly by the opinions of the expert advisers on his competence in their fields. The danger arises, then, that, before taking any but the most routine step, he will ring them up and ask their opinion. He would thus be insured as well as he could be against failure, their vanity would be flattered, and promotion perhaps a stage nearer.

Promotion should perhaps be raised to the status of one of the main problems of centralization. Before nationalization, the colliery manager, the gas engineer, the power station superintendent might move to a

larger undertaking, and perhaps spend his last active years on a board of directors, but nationalization has certainly increased the number of posts to which he may be promoted and therefore the number of superiors on whose opinion promotion may depend. Before nationalization, such a man had often achieved his goal. His incentive was no longer advancement, but the desire to do a good job in the position he held. Now, however, an almost endless vista of higher and yet higher jobs and larger and yet larger salaries stretches before and above him. At the least, this must affect his attitude to his work. He must now think not only 'how can I do my job well?' but 'how can I make sure that my superiors think I am doing a good job?' The answer to both questions may be the same, but it may not. Ministerial appointments to the boards have been indifferent in several instances, and downright bad in one or two. The same goes, of course, for appointments by the boards at the various lower stages. It does not matter whether such appointments were genuine mistakes or not; they are likely to discourage the belief that progress along the road to promotion is made by doing one's job well. Moreover, even if the manager of the subordinate unit is not swayed by the desire for promotion, he is less likely to be moved to do his best if he has a superior whom he considers incompetent.

Other difficulties arising out of centralization may deserve separate mention. The right to spend money must be limited at each stage, and the operational manager's authority in expenditure may seem absurdly limited. All the superior stages rightly want information before they make decisions, and the operational manager may be required to fill in an absurd number

of returns. Higher managers rightly wish to let their subordinates know of their decisions and give them some idea of the considerations which swayed them. A large number of documents then starts to flow down. No stage in the hierarchy may be by-passed. A matter that requires the decision of the highest authority will have a long distance to travel both ways before it returns to the point of departure; and that means delay.

A wise man, however, would be cautious in basing firm conclusions on the outcries against centralization in nationalized industry which have arisen in the last few years. Other big organizations are faced with just the same difficulties. In the past large industrial organizations have grown more slowly. If the Post Office or Imperial Chemicals had been created out of the amalgamation of a large number of independent units overnight, just the same troubles might have been expected to arise. We were in a hurry, and we had to face the consequences; but it may be that the worst is now over, and that we may expect the recently nationalized industries to become accustomed to their new shape, and the problems of human adjustment to become less acute as time passes. The socialist should also realize that, in so far as these complaints come from previously independent or semi-independent managers, they arise because these managers are now in the position that the ordinary worker has always had to accept—they have a boss or a hierarchy of bosses who can give them orders and make trouble for them. His sympathy may be tempered by that consideration, and he may take some comfort in the knowledge that such people are more and more adopting the customary device of workers who feel themselves threatened by

industrial tyranny—they are joining their appropriate trade unions.

When all this and more has been said, however, there remains enough in complaints against centralization to cause serious disquiet. If the best that can be hoped is that the new public corporations will shake down to the orderliness of the Post Office, the theorists of the public corporation will have been disappointed. They disliked the bureaucracy, the inflexibility, and the uniformity of the civil service, and held that such qualities were particularly inappropriate to the conduct of industry. They believed that the device of the public corporation would permit greater initiative, greater flexibility, and greater diversity. We might admit that a gas supply service, or even an electricity supply service, might well be conducted on the lines of the Post Office, but would we be satisfied to allow the same form of organization in coal-mining, or in road haulage—particularly a road haulage service meeting strong competition from private hauliers in short-distance traffic and from 'C' licence-holders in long-distance traffic? Were we wrong in hoping that the public corporation would provide a more suitable form of management?

4. Conclusion

Socialists criticized the earlier public corporations, particularly the L.P.T.B., as irresponsible bodies. They wanted to emphasize their responsibility to the government, to Parliament, and to the public, and to bring them within the scope of a national economic plan. They have sought to achieve this emphasis by setting up the kind of institutions which we have described.

At the same time they accepted the form of public corporation developed at that time as the right form of internal organization. They accepted that a central board should be set up to control the industry from top to bottom. Area boards or executives for different services were mentioned in some of the Acts, but only in the Gas Act and the Iron and Steel Act was an attempt made at serious decentralization.

Both these factors have worked to reduce the differences between the government department and the public corporation. If the minister interferes constantly in the work of the board, if its affairs are questioned and debated in Parliament, if parliamentary committees, independent tribunals, and the rest are set up to review its work, what is its treasured independence worth? Independent authority for a board and its small staff to develop a national grid for electricity transmission or for a board to operate the nationally-owned passenger transport system of one city is a serious grant of independence, but when a few men are granted authority to take over the coal-mining industry or almost the whole transport industry, does their independence mean very much when balanced against the thousands of instances of subjection which the extent of their authority involves? If the internal organization of the industry is a vast hierarchy of power-absorbing authorities, can we expect the red tape, the delay, and the uniformity to be any less than in a government department?

We must conclude, then, that if the public corporation is to show important advantages over the government department in the management of industry, there must be serious alterations in its structure, at least in

all but the Gas and Steel industries, and perhaps also there. And that the most important means of making the public corporation properly accountable and of bringing it within a national plan are those which are applied to government departments. If they are used, as a socialist must wish, the difference between the corporation and the department is considerably reduced. What difference remains depends on the extent to which the functions of minister and board can be clearly distinguished.

Chapter III

THE LABOUR PROBLEMS OF NATIONALIZED INDUSTRY

IT is now a commonplace to say that nationalization has disappointed expectations, and in particular that the hopes aroused amongst the workers in the industries affected have not been fulfilled. These hopes, it is agreed, were confused and imprecise, so that it is impossible to say just what failures and omissions have given rise to disappointment, but clearly achievement has fallen short somewhere. The morals drawn from this, however, differ widely. Some argue that such expectations were bound to be unfulfilled, that nationalization could bring no great benefits, or that the fault lies with the workers, who have not risen to the occasion and made of nationalization the thing they had desired; and, therefore, that nationalization cannot or, in fact, does not accomplish what was promised of it, and is a form of industrial organization to be charily used in future. Others argue that the results would have been achieved by nationalization of the right sort, that the workers would have made a success had they been given the chance, and that nationalization, properly carried out, remains the means of reorganizing industry to attain the aims of socialism.

Whichever view we hold we must agree that the extravagant claims of socialists deserve part of the blame for this disappointment. Ever since the days of

Robert Owen socialists have argued that a change in the form of organization of industry would make possible a great increase in the output of wealth, which could be used to increase the consumption of the workers and to reduce the hours of work. Besides this each socialist sect has refused to be outdone in claiming for its own brand of socialism advantages which other sects thought peculiar to *their* own brand. The state socialist preached that the advantages of national planning and co-ordination would bring vast benefits to the consumer; the syndicalist argued that the great majority of consumers were workers and that an industry controlled by the workers would naturally pursue the interests of the general body of consumers. The syndicalist and guild socialist claimed that 'workers' control' would bring freedom and happiness to the workers; the orthodox socialist rejected 'workers' control' but argued that the control of industry by a democratic Parliament would make the worker free, and the knowledge that he worked for the public good and not for private gain would make him happy (and added perhaps that since only two or three hours of labour would be necessary under socialism, the worker would be free in another sense—free from toil). A good case can be made out for the claim that co-ordination will bring economic benefits, and for the claim that 'workers' control' would make workers in some sense more free, but the grounds for believing, as most socialists did, that one form of nationalization would bring both these advantages and all the others which had been prophesied were less solid.

When socialists have accepted, however, a fair share of the blame, there remain other explanations of dis-

appointment. As we have seen, some of the changes which it was once thought only socialism could bring have been attained in other ways. Other predicted changes, not only economic, but also in the status of the worker, had arisen out of wartime and post-war full employment. Some of the industries nationalized were in a bad way, and the railways, in particular, were about to suffer a rapid decline from wartime prosperity which no form of organization, short of the severest restrictions on road transport, could have avoided. The benefits of co-ordination, planned investment, and the like may still be expected, and their results may be used in part to improve wages and working conditions; but most socialists were looking for immediate or rapid results.

Those who criticize socialists for expecting that a change in legal ownership would, as if by magic, revolutionize the attitudes and status of the workers are unfair. Most socialists have upheld a utilitarian ethic and have argued that the economic benefits which socialism would bring would change attitudes by raising standards of living, improving social environment, and extending education. It is, however, true that they have also looked forward to a growth of interest in work, which would lead not to harder physical effort, but to co-operation in improving the efficiency of production and the quality of the product, and to a growing sense of freedom and happiness amongst the workers; and that the new form of organization was to be responsible, at least in part, for these changes. Although, therefore, final judgment on the effect of nationalization on labour problems must await the day when we can decide on the economic results of

nationalization, it is worth while to look at achievement or failure so far under this head as some guide on the success of nationalization and perhaps as some indication of desirable changes.

Before we begin this task, one word of caution is necessary. We have so far been discussing the *general* problems of nationalization, and, in the main, we shall treat labour problems in the same way. This is a drastic simplification. Transport differs greatly from coal-mining, and electricity supply from communications services, and the labour problems of the various industries differ both because of the different nature of the work and for historical reasons. The simplification is necessary in order to confine the discussion within a manageable space, and may be justified by the general assumption that there are 'problems of nationalization' as such. But even if all the evidence on general questions could be collected together, there would remain the need for study of each individual industry before any judgment exactly applicable to it could be made. If we seem to neglect this difficulty, it is not because we are unaware of it.

1. Labour Productivity

It is sometimes suggested that nationalization, or even continuing full employment, radically changes the functions of trade unions. In the past, it is said, they have been mainly interested in increasing the workers' share of the proceeds of industry and in trying to limit the impact of unemployment on their members. If full employment is to continue there is no need for the unions to maintain their defences against unemployment—at their best inadequate—and they can readily

give their attention to increasing output. In a nationalized industry in which there is to be no surplus, increasing output is the only means of securing a considerable increase in the return to the workers. There is force in this argument. If the function of the unions was ever to increase money wages and reduce hours regardless of other considerations, their task *has* changed. Wage restraint and joint production campaigns in war and peace bear witness to that. But workers have other interests. They are concerned with good conditions and fair treatment, and they are concerned that the human consequences of technical plans for increasing output are taken into account. Even in a non-profit-making concern proceeds may be fairly or unfairly distributed. There may be possibilities of marginal redistribution of costs which do not involve a large proportion of the total outlay, but may nevertheless be of great concern to the workers. If a broader view is taken of the function of trade unions, if it is conceived as the protection of the *various* interests of the workers, it is better to say that the unions are exercising this function in changed conditions, rather than that the function itself is changed. Moreover, the unions, as democratic bodies, must protect the interests of the workers as the workers see them, and workers certainly do not see the interests as radically changed by nationalization. It is true that union leaders must lead, must try to anticipate their members' needs, to think ahead, and to educate; but they must lead where the workers will follow. Nationalization should offer the unions a better opportunity to do what they have always tried to do.

If we ignore the expectation that nationalization

would be followed by an increase in the output of physical effort of the wage-earners as foolish, and as an expectation which few socialists have done anything to arouse (for socialists have been far more ready to criticize capitalism for driving the worker too hard, and to look to nationalization to bring easement), there remain two ways in which wage-earners, and most salary-earners, might assist in increasing output per head. First of all, the physical changes—new capital equipment, standardization, reorganization of methods, and so on—on which socialists have placed their reliance cannot be made without impinging on working rules and habits. New wage-rates may have to be settled for new types of work; often full advantage of new machinery or new methods can only be taken if collective agreements, or, more likely, working customs, are altered; and, at the least, even if no revision of agreements or habits is required, changes are not likely to achieve the desired results unless the workers accept them with goodwill. Thus, even if the 'management' is regarded as the initiator of change, the workers are not entirely passive in the matter. Secondly, socialists have looked forward to workers taking initiative themselves, coming forward no longer inhibited by fears of doing themselves out of a job, or swelling private profits, as in some sense partners in the development of industry.

It must at once be admitted that this applies also to private industry. Even before the development of trade unionism workers had some control over industrial change and the growth of the collective agreement and the broadening of its scope, together with full employment in recent years, has considerably increased this

control. Progressive employers have long tried to foster a sense of partnership by co-partnership schemes, by suggestions schemes, by works committees, and during the last war joint production committees were set up over broad sections of British industry. Since the war the Labour Government and the T.U.C. have frequently appealed for co-operation in increasing productivity in all industries. The peculiar importance of nationalization in this regard is that socialists, even if they no longer regard co-operation in private industry as a sham and a fraud, have expected nationalization to serve as a more congenial framework for its development than private ownership, and that greater efforts have been made, and far more elaborate machinery set up, to foster co-operation in the nationalized industries than in the great majority of private firms.

Nearly all the nationalized industries have a complete system of negotiating committees on the Whitley pattern, most of which have been taken over from the days before nationalization. The constitution in the mining industry retains a number of traditional elements which mark it out amongst the others. As in the old government departments, nationalization has meant that the works committees or their equivalent in the individual establishments have been compulsorily established, instead of made dependent for their existence on the goodwill of the employer. Some of the industries have relied on these committees to deal not only with matters subject to collective agreement, but as means for the discussion of all common problems, as Whitley Committees were originally intended to be, perhaps setting up sub-committees to deal with different topics such as welfare or training. Others,

notably coal-mining and electricity supply, have set up a second hierarchy of consultative or advisory committees to deal with matters outside the scope of agreements. The Railway Executive has laid down a procedure for the workers' representatives on the Whitley-type committees (Local Departmental Committees and Sectional Councils) to consult with managerial representatives on matters outside the competence of those bodies, without formalizing a regular system of advisory committees, and in some industries, particularly the Post Office and the R.O.F.s, joint committees to deal specifically with production have been set up to supplement works or Whitley Committees. Where there are no production or advisory committees, the Whitley Committee is always empowered to discuss matters of efficiency and production.

Unless they are specifically limited to production matters, the business of consultative or advisory committees is usually far wider than production, and the business of joint consultation is far wider than committee work. During the period of the war and of the export drive, industry has been mainly judged by the yardstick of production—and this is understandable—but it must be remembered that the committees may have done a great deal of valuable work even if they have had no effect at all on production. If joint consultation is to foster a new spirit of partnership in industry it must comprise far more in permanent good relations and co-operation than can arise out of fortnightly or monthly committee meetings alone. If we concentrate our attention on committees it is only because it is easier to estimate the value of their work

than to draw conclusions about the general progress of co-operation throughout an industry.

It is reasonable to consider the work of committees within the individual establishments somewhat apart from the work of regional and national committees. In the former the workers' representatives must be union members, and, in certain nationalized industries, union nominees, but they are elected by the general body of the workers and not appointed by the unions as are the members of the workers' sides at higher levels. They are men working in the establishment and not union officials, nor usually amongst the number of those 'lay' union members who spend as much or more time in negotiations, meetings, or committee work as at their industrial job. The works committees discuss matters which will affect their members on both sides directly; they do not legislate for distant constituents, nor, except in the larger establishments, resolve differences in which they have no direct or personal stake.

It seems to be true to say that the majority of these committees do not work more than indifferently well in any way, and that production and efficiency are probably their least successful topics; although the latter point is probably more true in public utility services where the rhythm of work is established and changes are rare, than in coalmining or engineering shops such as the R.O.F.s, where alteration in working conditions or periodic retooling provides more obvious matter for committees to work on. Reasons for failure are not hard to find. Often the workers' representatives do not take readily to the work. The guild socialist belief that there was a sufficient number of workers able and eager to take part in running

industry once the obstacles of capitalism were removed had no general validity. The workers' representatives understand the process of bargaining and are ready to use it to their advantage if they can, but in advisory committees 'talking money' is debarred, and they are apt to think that this makes the committees of little importance. Their interest must then be aroused and fostered by the other side, for, except in so far as representatives of the technical staff are also present, the servicing of the committee depends on the management; only the manager can tell the committee of plans for the future and of the ways in which they are expected to affect the establishment; only the manager can authorize executive action on the committee's decisions.

The manager, however, has no training, and may have no flair for this kind of work. The committee may have no attraction for him; it was not set up on his initiative, but on orders from above. He understands what he conceives to be his job, but he may well not understand how to explain to workers' representatives what is going on in the various departments under his control, what plans he is making, how he intends to carry out directives from above. How is he to arouse their interest in these matters? What items is he to put upon the agenda of the meetings? How is he to lead discussion? It is easy to understand that when he finds little interest amongst the other members of the committee he may hurry through the formal business as quickly as he can and announce the adjournment with relief.

There are, despite all this, very many committees which have achieved something, and a small number

in which an exceptional manager has devoted skill and patience to building up interest, to giving simple and detailed explanations of the working of the establishment, of changes that are proposed, of their probable effects and of the problems that they raise, and has managed to bring his committee along into a genuine and keen attempt to find solutions for these problems. It may be that there are as many or more instances of this in public industry than under private ownership; in both they are exceptions. And it is difficult to discover how far successful committees are to be related to improving figures of efficiency, for their effect is not likely to be calculable. It would be disappointing if they had no influence on results, and enthusiasts for consultation are often ready to enlarge on the improvements in production which should be placed to their credit; but they are prejudiced witnesses.

The experience of local Whitley Committees in government departments appears to be rather different. In the early years of Whitleyism the same tale of lack of interest or appreciation on both sides could be told, but as both sides became more accustomed to the work, and as the Whitley Committee became a regular part of routine, they began to be accepted as useful bodies. The workers may criticize them as committees which the official side use too often to explain to the staff side that what they want cannot be granted, and the officials may criticize them as occasions for further demands for more and more petty concessions to the workers, but both sides admit that they do produce some results and lead to better understanding. The picture is, then, not one of widespread failure relieved by exceptional success, but of a general level of moderate achievement.

This refers, of course, to the whole scope of the work of the committees. There have been achievements in matters of efficiency, for instance, in the Inland Revenue Department, but the great bulk of the work of Whitley Committees in government departments, on which their reputation depends, is not concerned with production and efficiency. The specifically production committees on the engineering side of the Post Office (in the rest of the Post Office they have only just been set up) do not seem to have earned a very high reputation.

We have so far been assuming that the sole aim of these committees is to achieve industrial co-operation, and we have placed the main responsibility for their success upon the management. We have, in fact, been treating them as instruments of progressive management. When we turn to the regional and national committees, on which the workers' sides are appointed by the unions and are directly responsible to their unions, this assumption must be reconsidered. Perhaps at these levels their purpose should be limited to the explanation by the national and regional boards of their proposed activities in various fields and the statement by the union representatives of their attitude towards them. It would be useful for the boards to know that the unions expected their members to be well disposed towards proposal A, and indifferent towards proposal B, but that if proposal C is carried out they must expect trouble and perhaps strikes; but this drastic limitation would be rejected by all enthusiasts for joint consultation. If, however, the committees at these levels are to be used to bring the union representatives into the planning of industry, at once we run

head on into all the difficulties of responsibility, to which we shall return later, and we meet other obstacles. To take a serious part in the planning of large-scale industry requires a high degree of technical knowledge, or briefing by technical experts. Hardly any of those who represent the workers have either of these advantages. The 'lay' representatives are chosen for their prominence in trade union affairs and not for their technical ability, and the direct industrial experience of the trade union officials may be ten, twenty, or more years out of date. Most large unions now have research departments, and a considerable part of their time is spent in briefing trade union officials, but they are not staffed by technical experts qualified to carry out the job we are here considering, and trade union members would be likely to look askance at the relatively large salaries that would have to be paid to secure such aid.

This difficulty is most obvious in industries such as civil aviation or electricity supply, in which there are a number of unions, for some of which their membership in that industry may be only a fraction of the whole. The official who attends the committee from such a union probably never worked in the industry, has certainly other groups of workers to look after, and is most unlikely to be able to take a serious part in industrial planning. What interest can he have in percentage differences of ton-miles on different routes; what knowledge can he have on the relative merits of different aircraft; how can he take part in discussions of the different means of screwing up efficiency? The difficulty is only less in degree in industries such as coal-mining or the railways in which the unions are few

and for the most part operate only in the one industry. Here we would expect a more thorough general knowledge of the industry, but technical knowledge is still absent. If miners are criticizing the organization of an area or division, what is the use of calling in the union officials to satisfy themselves that the organization is efficient and their members' criticisms, therefore, unjust, or to make suggestions for improvement? How would they set about their task? The unions value consultation at these levels because it supplies them with information of what the boards intend to do, and thus enables them to plan ahead, and perhaps to obtain alterations in the proposals in the interests of their members, but the work of the committees which relates directly to efficiency, apart from joint appeals for more effort, or for less absenteeism, has not been of great significance.

Stress on the need for technical knowledge must not be taken too far. The work of consultative committees in individual establishments will never be fully effective unless the management side takes pains to bring the workers' representatives into the planning of the establishment's business by means of patient and simplified explanation, and by educating them into the kind of work involved. The Coal Board, however, or the Railway Executive can hardly be expected to undertake the technical education of the leaders of the unions with which they deal! Union leaders are busy men; their time is already well occupied by the administration of their unions and by the business of collective bargaining. It is often difficult enough to get an attendance at a meeting of a consultative committee or sub-committee, and it would be Utopian to expect all

the preparation and toil which anything approaching participation in the running of industry at this level would demand.

2. Other Subjects of Consultation

As we have already pointed out, consultative committees deal with a great many matters besides productivity or efficiency. And, indeed, a good deal of their work, since it involves the management in laying itself open to claims for greater consideration for its employees in a variety of ways—and, therefore, frequently to added expenditure on its employees—may be directly detrimental to immediate commercial efficiency. It is always open to reply that increased attention to the wants and desires of employees will ultimately show itself in added returns from them; but whether this is true or not in the long run, in the short run the investment probably adds far more to costs than to receipts. For instance, in all the nationalized industries there is consultation concerning dismissals on grounds of redundancy, and in many of them agreements have been drawn up covering the manner in which those to be discharged are selected—usually based on length of service—and sometimes, as in the mining industry, laying down rates of compensation to those not found employment when undertakings are closed down. Here to consult and to honour agreements is costly. The Airways Corporations have spent a considerable amount of money in this way, whereas a private charter company might halve its staff by dismissals at very little expense, and, in a period of full employment, perhaps not at great suffering to most of those concerned. During the summer of 1950

some of the R.O.F.s found the redundancy agreements so onerous that, in the opinion of the workers and their unions, they grossly violated their terms in the discharge of large numbers of their workers. Redundancy is, however, still of great concern to most workers, and it is to the credit of the nationalized industries that they have handled, largely successfully, by methods of discussion and agreement, a matter which is the cause of so much discontent and conflict in private industry. It may be costly, but surely the cost is justified.

One of the most prominent subjects of consultation is welfare—welfare at work, heating, lighting, ventilation, first aid, and welfare outside the workshop or the pit, canteens, sports, and so on. Part of the field is covered by the Factory Acts, and part by collective agreements—for instance, on sick pay schemes. A national joint body has been formed in the mining industry to co-ordinate the work of the Coal Board in this field with that of the old Miners' Welfare Commission, and funds are spent in the divisions and at the collieries by joint committees with executive authority which frequently raise additional funds by weekly contributions from the miners. There is no doubt that a great deal of good work is done in this field. One criticism is that often too much of it is done at the centre. The Railway Executive has set up a National Joint Committee on welfare, which has planned the expenditure of the available funds and decided priorities. The officials who take part in this work may feel that this is a great step forward from the old days, but funds are naturally strictly limited, and railwaymen, whose conditions in this respect are often deplorable

and who may see little or nothing being done at their particular place of work, may not be able to see the difference. It is, perhaps, this kind of difficulty which explains the frequent observation that relations in the nationalized industries are far better at the centre than in the operating units.

The nationalized industries have given a great deal of attention to the industrial training, and some to the general education, of their employees. Some of them have prepared thoroughgoing plans, such as the Coal Board's 'ladder plan' for training, and often these plans are worked out jointly. Here again the value of this joint work is more apparent at the centre than in the individual establishments. Union leaders may find it a great advance that they should be brought into the preparation of these plans (although doubts about the qualification of many of them for this type of work might again be raised), but training has often been introduced before the need for it has been understood, particularly amongst workers, such as the miners, who have traditionally 'learned on the job.' Training officers in the pits have far too often been appointed on grounds other than their ability for the job. In the long run these schemes should have a great effect both on the quality of work done, and on the democratization of advancement within each industry, but as yet their value in encouraging good relations and co-operation at the lower levels of industry has been small. There have, however, been experiments in classes and courses on the work of joint consultative committees, particularly in the electricity supply industry and in parts of the mining industry, and these are frequently reported as being popular and useful. They go some way to

meet the need, which we have already mentioned, of managers and workers' representatives to understand the purpose of such committees, how they should be conducted, and what they can hope to get out of them.

To-day industrial discipline is a different matter in all industries from the pre-war period of heavy unemployment. This is often said to be one of the greatest difficulties of British industry to-day. At the same time, full employment has done more to make industry more democratic and to raise the status of the worker than any legislation or any machinery for joint consultation could do. Fear may be a potent incentive, but it limits democracy. In the nationalized industries, as frequently elsewhere, discipline is recognized as a matter of joint concern, and decisions are taken by special disciplinary boards, or challenged through the bargaining machinery. In the mining industry a nationally approved scheme for joint attendance committees was rejected by a ballot vote of the miners, but a large number of the Pit Consultative Committees have undertaken the task of cautioning absentees and advising on their punishment. This development is in a sense an extension of democracy, but it does raise difficulties, both for managers and for the union. That the power of decision in serious cases should be taken from the manager is perhaps of no great concern to him. He may well be happy to be rid of an onerous task. But to create a right of appeal against the decisions he does take is a more severe limitation of his authority. He may tend to become very cautious in his treatment of instances of indiscipline, feeling that there is little credit to be had for a right decision, whereas if the appeal goes against him several times his reputation will suffer and his authority will be still

further weakened. It may be particularly galling for him to know that appeals are made to a body on which his workers are represented, so that, in fact, his employees are sitting in judgment on the decisions he takes against them. The first duty of the union in a disciplinary case is to defend its members, unless it believes their position to be hopeless. To add to this the task of sitting in judgment on appeals runs into difficulties of responsibility, and makes it seem that the union is taking part in punishing its members. The role of defending counsel is more attractive than that of judge, and to act both parts at the same time is clearly not easy, especially when the persons concerned are employed by the defendants! An independent tribunal is probably the ideal solution; short of that, a managerial tribunal, although less democratic, may well be more satisfactory than a system of appeals to a joint bargaining body; and, in any case, the union's main interest is rather in getting satisfactory disciplinary principles than in administering them.

Workers have two separate interests in promotion. They may themselves be candidates for promotion, especially in an industry in which there are a large number of grades, and promotion is one of the best means of gaining increased earnings; and they are interested that those put in positions of authority over them should be capable and congenial to themselves. To cover the first point promotions agreements have been worked out to cover lower grades in some of the nationalized industries—usually based on seniority—and in others an informal understanding rules that, other things being equal, the senior man is to be promoted. Although this may not always lead to the

best choice, it is a well-established way of ensuring industrial peace, and seems to work well enough at the lower levels of promotion at which it operates. Higher appointments cannot be decided on seniority but must be made on merit, and appointments boards normally sit to consider the merits of applicants. Here the union can only share in control if its representatives take part in the selection, and the unions may seem to have a claim that this should be allowed, both to look after the interests of those of their members who desire promotion, and to see that suitable men are chosen to supervise their members. In most of the industries procedures, sometimes elaborate, have been instituted under which those aggrieved by promotions decisions may appeal against them. Claims for participation have been made, and in a new procedure which is being applied experimentally in some Post Offices a considerable degree of participation has been granted, but in most nationalized industries these boards are considered to be preserves of managerial prerogative. In this field unions would do well to go slow, for in taking part in selecting one of their members they may be giving cause for grievance to others, and they cannot then take up those grievances. The man who feels he has been unjustly passed over will have nowhere to turn. To avoid difficulties of this kind, union representatives would tend to fall back on to a 'seniority rule,' which would not help to get the best men selected. There is every reason for careful consideration of ability to handle men in appointments to supervisory jobs, and industry is probably more alive to this to-day than it has been in the past, but joint selection boards may not be the best means of ensuring this. The

workers have always the right to complain and even to strike against bad appointments. Something can be done to avoid charges of nepotism and favouritism by making quite clear the qualifications and abilities which are required for each post. This is of particular importance in the newly-nationalized industries in which such a large number of appointments had to be made in a short time that many posts were necessarily indifferently or badly filled and confidence in the fairness of selection procedure is consequently often not high.

Workers and their unions have taken responsibility in administering discipline and in selections for promotion in some instances in both nationalized and private industry, and it cannot be denied that some of the experiments have worked satisfactorily. It would be foolish to suggest that all such practices should be abandoned, but it is worth while emphasizing that they are accompanied by serious dangers, and that a wholesale extension in the name of industrial democracy might well hinder democracy instead of extending it, by denying the right of the aggrieved worker to support from his union in an appeal.

3. Collective Bargaining and Wages

Most of the nationalized industries have long-established and well-tried procedures for collective bargaining. The National Negotiating Committee and National Reference Tribunal for the coalmining industry were set up during the last war, but they formed the apex of systems of bargaining in the various coalfields which have a long history. The first Overseas Airways

Corporation was, however, set up before there were any signed collective agreements in the industry, and the National Joint Council for Civil Air Transport (which includes some of the charter companies as well as B.O.A.C. and B.E.A.C.) was formed only in 1946.

The consequence of this is that collective bargaining has, in many ways, carried on as before. In two respects, however, nationalization has had a considerable effect on bargaining procedure, both of which are closely related to the growth of centralization. Even in those industries, such as electricity supply, in which wages were settled nationally before the change in ownership, there was often considerable scope for granting 'merit pay,' 'dirt money,' or making special concessions of various kinds. Under common ownership this scope has to be drastically reduced, for information spreads rapidly and there is no justification for refusing to extend a concession in one establishment to similar grades of workers elsewhere, since they also work for the same employer. The result is that many claims which could previously be settled on the spot have to go through to area or regional authorities. Even where authority remains in the hands of the manager of the establishment he may be chary to use it. The union will naturally be ready to appeal against any decision of his against their members which it thinks stands a chance of being reversed by the regional council. Why should he take the trouble to try to settle a difficult claim when this judgment may well be reversed, and when he can easily pass the difficulty up to someone else, since he is no longer manager of an independent concern? There has thus been a swollen volume of business for the higher stages of the bargain-

ing machinery, and, therefore, delay in settling claims and considerable discontent. In most of the industries directives have been sent down urging that all possible disputes should be settled on the spot, and it is difficult to see that there is any other method of tackling the problem within the framework of organization as it stands. Perhaps the trouble will abate when managers feel that they win more credit by taking risks than by covering themselves; should that stage be reached, most of the troubles of centralization will be at an end.

The second effect of nationalization is to increase the pressure towards the national fixation of wages. The rate for the job is one of the most hallowed of trade union principles, and the existence of different rates for the same job in different undertakings or in different areas seems almost as anomalous as men working below the rate. Their attachment to a national minimum wage, and some national pooling system to finance it, was one of the miners' strongest incentives to nationalization. Employers are often not unwilling to accept this demand, for they feel that when a national rate is established the union will be unable to follow the policy of concentrating their efforts on one employer or one area, and then flooding through the breach thus made. National rates have long been the principle in government employment; they have recently been established in local government service; and many privately owned industries have come to accept them. Nationalization strengthens the union case for national rates, and weakens resistance, if resistance is desired. Moreover, under nationalization the application of this principle is likely to be more rigid than in private industry, for, as we have seen, it is impossible for a

single employer to maintain the various merit rates, profit-sharing schemes, special grades, and so on which may temper its application elsewhere. Where different rates, or these kinds of payment, existed previously, they must now be absorbed in any advances that are agreed until all have been 'levelled-up' to the same plane.

The national rate removes many anomalies, but it creates others. Whereas before discontent was concentrated on unwarranted differences, it may now be aroused by unwarranted uniformity. For it seems equally unjust to pay two men the same rate for different work as to pay them different rates for the same job; and there are varieties and peculiarities in the same kind of work which cause headaches to those who have to produce national classifications of jobs to suit the various national rates of pay; is the work that a stoker is doing in an electricity works in Birmingham *exactly* the same as that done by another stoker in a Glasgow works? Moreover, the same job may be performed differently by different workers; one may do it better, another worse. Is this not to be taken into account? The national rate, promotion excepted, is no respecter of persons. This difficulty is partly overcome in jobs to which piecework rates or production bonuses apply, so that national rates refer only to minimum payments, but outside the mining industry, railway and road transport repair shops, and ordnance factories and royal dockyards, nearly all workers in nationalized industries are on time rates, and even there payment by results is by no means universal. Besides this, nationalization has been followed by attempts to achieve greater uniformity in *earnings* under

systems of payment by results in the mining industry and in railway workshops.

It may be said with truth that the objections which arise to the principle usually come from those who, as in the London electricity strike of December, 1949, see their special privileges being taken from them, and that when such understandable objections are forgotten, there is likely to be general acceptance. The critic, however, whilst accepting this as far as manual and clerical workers are concerned, may think the price paid for uniformity amongst higher grades is too great. The unions and associations which cater for these grades are just as careful to enforce the principle as other unions, and the same reasons compel the boards to comply with the demand for uniformity, but the critic may argue that at this level differences between jobs—between managing one colliery and managing another—and between the way jobs are done become too significant to ignore. If there can be no pecuniary recognition for the manager, the engineer, the salesman who is doing the more difficult job, or who is doing his job particularly well, incentive, it is said, may suffer. Promotion may go some way to substitute, but it may not be appropriate to reward a man for a job well done by taking him away from it, and there may be no vacancies available.

Another aspect of wages under nationalization must be considered. It has often been argued in the past that trade unions would use the monopoly position of a nationalized industry to extort excessively high wages at the expense of the rest of the community. Strangely enough there are still those who regard this as a great danger against which special defences must be erected.

The early struggles of the trade unions in the government departments were to force the Treasury to pay wages equal to those paid by good employers in private industry. In the period between the wars, public employees, along with other workers in 'sheltered industries,' were usually at a slight advantage compared with other workers, but there was no outcry against the weakness of the Treasury in wage negotiations, and this special advantage was soon lost in wartime inflation. The early public corporations, particularly the L.P.T.B., showed themselves to be perfectly capable of resisting claims which they considered to be excessive. Amongst the industries nationalized since the last war, the Coal Board granted considerable increases and the five-day week to its employees in its first year. It is difficult to see that in the condition of the industry and the general shortage of coal at that time any employer could have refused considerable concessions.

In fact, it is equally reasonable to suppose that the boot has been on the other foot, that, at least since the publication of the famous White Paper on Personal Incomes early in 1948, public employees have suffered because the government's policy has had to be followed more closely by the nationalized industries than by others. It can hardly be doubted that a settlement of claims in the gas industry would have followed more closely on nationalization had there been no restraining policy, and Health Service employees have still stronger complaints. It is possible that low-paid miners and transport workers would also have done better over the last two years but for that. Apart from the miners, nearly all government workers and workers in the newly-nationalized industries belong to groups whose

average earnings fell compared with the national average during the war, and under nationalization the lost ground has not, in most instances, been recovered.

It would be fantastic to claim that the losses sustained by the Transport Commission on its railway services were due to high wages granted by the Railway Executive, but a complaint has been lodged[1] that the Executive has been maintaining an excessive number of men on its books in order to avoid getting rid of all its younger and more capable staff, or breaking its redundancy agreement with the unions. The authors support their complaint by saying that 'had the desire to conserve manpower been pressed as hard as it was . . . during the war, the railways would have run adequate, efficient, and economical services on an establishment fewer by at least 60,000 . . .,' ignoring that the war was a period of heavy capital deterioration, a repetition of which would be disastrous. It may be that the Transport Commission has been at fault in not applying more drastic measures of retrenchment on the railways, and that the minister has been at fault in not directing them to do so. It does not, however, follow that a special outside body (in this case the Monopoly Commission) should be erected to use its powers to try to force the Railway Executive to break agreements entered into with the railway unions as the result of consultation with them into which it was statutorily obliged to enter. If the Monopoly Commission is to be given powers over trade union agreements, there is no shred of evidence that its attention should not be

[1] P. Sargant Florence and Gilbert Walker, 'Efficiency under Nationalization and its Measurement,' *Political Quarterly*, Vol. XXI, No. 2, April-June, 1950.

directed at least as much to private industry as to public.

Many socialists recognize that the extension of socialism brings nearer the day when some more intelligent and discriminating wages policy than advocacy of restraint must be applied by the government. We need not here concern ourselves with the form which that application is to take, except to suggest that the initiative must come from the government. As has been argued elsewhere,[1] the unions would be taking on too much if they took upon themselves to decide on claims, and became wage dictators instead of wage bargainers. Wages in government departments and nationalized industry already come closely under government scrutiny either through the Treasury or through ministerial responsibility. This is inevitable and understandable, but to argue that there is need for still further checks on wages in this sphere while wages outside continue to be settled by the normal bargaining process, or to argue that the unions are more dangerous to the public interest here than elsewhere is unreasonable. The long-run need is for a general wages policy, and not for particular instruments to check wages in this special field. Workers in nationalized industry should be the most ardent supporters of such a policy.

4. The Problem of Responsibility

We have already discussed the general problem of responsibility,[2] and we have seen that difficulties on this score arise in several ways in the topics with which

[1] Allan Flanders, *A Policy for Wages*, Fabian Society, 1950.
[2] Pages 26-30.

we have been dealing in this chapter. The problem is a general one which arises in greater or less degree in front of unions in all industries, but it is of particular importance in nationalized industry, and under a Labour Government.

The abandonment of any syndicalist leanings by the British trade union movement after the failure of the General Strike meant that the unions looked to political action through the Labour Party as the means to attain their ultimate aims. The immediate struggle for better wages and conditions in industry went on as before, but achievement even here was seen to depend heavily on political action. Better wages in coal-mining, transport, shipbuilding, and other industries were thought to be obtainable mainly through government intervention to enforce reorganization of those industries. And the transformation of society and industry to which syndicalists, guildsmen, and the shop stewards' movement had looked forward would only come through electoral victories for the Labour Party and subsequent legislation. The detailed steps by which the first stages of this transformation were to be carried through were planned jointly by the Labour Party and the trade unions. Consequently, when the party came to power in 1945 it had the support of the unions both because its success was the only means they recognized for fulfilling their aims, and because most of the policies which it intended to pursue had been discussed and agreed by them.

One of the most important elements of its policy for industry was the nationalization of a number of industries. These industries were taken over, and boards, including ex-trade union members, were set

up to administer them and to carry out the government's policies within them. It was to be the responsibility of the boards to reorganize the coal industry, and to co-ordinate road and rail transport, for this was the aim of the government, and had the enthusiastic support of the unions. It was made the statutory duty of the boards to consult with the associations which represented their employees, and, as we have seen, consultation has taken place over fields far wider than before, and far wider than is normal in private industry. It could then be truthfully said that the trade unions were being brought to an extent into the management of industry, and that the management was pursuing policies which a socialist government and the unions had approved. This was the goal for which the unions had been striving.

There were not wanting critics on the left who said that the consultation did not amount to much, that most of the members of the boards were of the 'old gang' and were pursuing the reorganization of industry in a capitalist way, neglecting the just claims of the workers, and trying to reduce costs and increase efficiency at the expense of the workers. Such critics added that the union leaders and executives who supported the boards in their work were betraying the real interests of the working class.

It is not surprising that someone was found to voice these opinions. What is surprising is that the remedy normally offered is more power for the workers, more union members on the boards, for the real difficulty which gives some substance to the complaints is this: the unions have accepted a far larger share of responsibility than before. If workers object to the effect on

them of the board's policies, where can they turn? The policy is one which has the union's support, the board was put there by the Labour Government, it is the responsibility of the unions to see that nationalization and the Labour Government succeed, the union supports the government, its parliamentary representatives are voting for the government or may even be holding office. If road transport workers object to a reduction in earnings arising out of a concentration of road traffic on short hauls, or railway carters fear a loss of privilege on transfer to the Road Haulage Executive as part of the policy of co-ordination of road and rail, can they feel that their unions are free to fight the case with the same vigour as in private industry under another government?

The difficulty is increased by the fact that the new responsibility of the unions makes them accept things they would have rejected before. Just as the acceptance of 'wage restraint' has led them to use arguments about inflation, about prices and profits which they would have scorned even so recently as during the last war, they are now, by accepting a scheme of priorities in the construction of amenities on the railways or elsewhere, accepting the limitation of funds available for welfare work and taking upon themselves the responsibility of saying that nothing can be done about the admittedly inadequate facilities here for two years and there for five years. Lack of technical knowledge or assistance must be mentioned again here. Acknowledging the need for more coal, miners' officials may see no way to avoid the acceptance of a divisional board's plan for, say, reorganizing shift work at the face, even though they know it will be unpopular with the men.

This may be praised as courageous leadership, but perhaps with technical assistance the officials might be able to suggest modifications in such a plan, or to work out an alternative way of achieving the same increase in output. At the least they would avoid the danger of committing themselves to a scheme because it seems satisfactory to them, and because they have not the knowledge to foresee possible consequences, which they would have wished to guard against had they been aware of them.

We are not here concerned with the rightness or wrongness of the degree of responsibility which the unions have accepted. We are considering the difficulties which arise, and he would be a fool who shut his eyes to them.

5. Problems of Trade Union Organization

To the syndicalist or the guild socialist industrial unionism was an essential preliminary to workers' control. All workers by hand or brain in each industry would have to be brought within one organization, for how could a group of unions, for most of whom their membership in the industry would be only a fractional interest, administer an industry? Industrial unionism has, however, had very limited success in this country. Even in those industries such as coalmining and the railways where there are large industrial unions, some groups of workers are organized in separate associations, and in most industries so-called industrial unions organize only a fraction of the workers, most of whom are in craft or general unions. There have been few important changes in the structure of British trade unionism during the past twenty years, and there is no

reason to expect a great shift towards industrial unionism in the near future.

Difficulties arise out of this, but collective bargaining has managed to surmount them pretty well. The customary division in negotiating procedures between manual and clerical staff, with perhaps a third section for workshop or technical staff or other groupings reduces the complexity to some extent. The different unions come together as a 'workers' side' to conduct negotiations and usually manage to rub along well enough. The attempt of the National Union of Mineworkers to dominate the whole of the mining industry has caused trouble with clerical workers and winding enginemen; in several nationalized industries, unions with only a small membership in the industry concerned, such as N.U.P.E. in electricity supply, and the plumbers in the gas industry, have been excluded from the machinery; unions not affiliated to the T.U.C. also find difficulty in obtaining recognition (this problem is particularly important amongst workers on the engineering side of the Post Office); and the differences between the N.U.R. and the two other railway unions have caused real difficulty even in collective bargaining. Consultation, at least if it is to approach any kind of sharing in control, demands a higher degree of co-operation. In the consultative committees all groups of workers are normally brought together to deal with their common problems, and inter-union strife would clearly make effective consultation impossible. In the establishment the manager and the trade union representatives may be able to do the job perfectly well whatever the relations between the various head offices, so long as bad relations there are not accompanied by

active poaching of membership in the branches. At regional and national level, however, effective participation in the planning of industry requires good relationships between union executives and officials, and it is not easy to see that success will be achieved unless the workers' sides are built up into powerful bodies and provided with staffs to brief their members on their work.

The exclusion of small groups from the joint committees and the imposition of the closed shop or the 100 per cent union shop may seem to be limitations on democracy, but a good case can be made out for both. In a political democracy the splintering of political parties makes government weak and ineffective. It is often thought to be a virtue of the British electoral system that it deals harshly with minority representation, and it deals with it far more harshly, although impersonally, than do most workers' sides. The most serious effect of exclusion from the national councils and committees is that exclusion there normally entails exclusion from establishment committees, and this is a serious restriction of democracy in those areas in which the excluded minority has a strong membership.

The closed shop has been officially introduced in nationalized industry in the road services of London Transport and retained under nationalization in some areas of the coalmining industry, but there are many establishments in the other industries in which the unions are strong enough to maintain a *de facto* 100 per cent unionism. The customary defence of this infringement of individual freedom is that it is unfair for some workers to enjoy benefits and privileges which have been obtained by the union without bearing their share

of the cost of maintaining the union. If a large majority of the workers want to insist on union membership, is it democratic on the part of the management to refuse them in the interests of individual liberty? Is it not more democratic to say that this is a matter which the workers ought to decide for themselves? Moreover, the admission by the employer that his employees ought to belong to their union or unions is a sign of trust and confidence, and a firm basis for good relations.

There are, however, dangers in both practices. New unions do arise, and no one could defend a bar which made it absolutely impossible for them to force their way to the front. The closed or 100 per cent shop is only permissible if it rests on union strength, and if the union has considerable internal democracy. The imposition of a closed shop on unwilling unions for political reasons, as in some local authorities, has nothing to recommend it; and if it should be used, as it might be, by employer and union to exert a joint discipline over the workers, freeing the one from fear of trouble and the other from any incentive to carry out its task of protecting the workers, free trade unionism would be utterly perverted.

Everyone working in a nationalized industry, apart from members of the boards, is an employee, and the old distinction between 'workers' and 'bosses' applicable to small-scale private industry is no longer valid. Technical workers of all kinds, establishment and area managers, and the staffs of the regional and national boards are all, at least in some respects, on the workers' side of the fence, although at the lower stages of negotiating and consultative committees it is from their number that the 'managerial side' is made up.

By maintaining separate bargaining procedures for the various groups of workers, and instituting a salary bar above which no employee can be represented on the negotiating committees, confusion is reduced. Above the salary bar unions can represent their members only on an individual basis, although the electricity industry has for some time been considering the setting up of a fourth set of committees for the representation of managerial workers. Unions representing all grades of workers come into the consultative committees with equal rights, and the enthusiasts for joint consultation, who usually deprecate an atmosphere of 'sides,' would welcome this. We have already discussed the effect of the subordination of managers to higher authorities. In some of the nationalized industries those in the highest grades have strong complaints about their conditions of employment, security of tenure, pension rights, and the like. It is for their unions to remedy this, and for them to strengthen their unions. The experience of difficulties similar to those of less highly-paid workers should increase their understanding of those whose work they direct, and might be hoped to lead to improved relations.

One of the most potent causes of inter-union conflict, and of conflict within unions, is Communism. The nationalized industries have at least their full share of difficulties under this head, for the Communists have considerable strength amongst the miners, particularly in Scotland, and control the Electrical Trades Union, which is one of the two largest unions within the electricity industry. Elsewhere, even in unions whose leadership is strongly opposed to Communism, some of the establishments may be in the hands of

Communists. The shop stewards' movements in the London gas and electricity industries are said to be Communist inspired, and, despite disciplinary action against their leaders, the Communists have some strength amongst London busmen. One result of this is that unions and their leaders may be spending so much time combating, or striving to extend, Communism, that they have still less time and energy than they would otherwise have had to develop the new possibilities of consultation and co-operation which nationalization has offered. And this is not the only difficulty which comes up. Everyone knows that some of the most competent and conscientious trade union leaders, at every level, are members of the Communist Party; at the same time, Communists put the interests of the U.S.S.R. before those of their own country and are therefore regarded almost as enemies of the state. This must affect the growth of co-operation. Perhaps it may be said that the boards and their officers should treat with their employees and their representatives regardless of their politics. Communists will try to wrest advantages from their dealings, but so will other trade unionists, and if the union's role is mainly one of opposition, that is their job. Although, however, democracy requires opposition, it will only work if the opposition observes the rules of the game, and the complaint against the Communists is that they do not play the game, that they regard any means as justified if it leads towards their social revolution. Communism in trade unions is primarily a problem for the unions, but how can boards co-operate with Communists when they fear that confidential information may be divulged to the *Daily Worker*, that the men with whom they are

working to settle an unofficial dispute have secretly engineered it, that the officials with whom they deal are using those dealings to spread the influence of Communism, which they are taught to believe is subversive of everything of value in the state which they serve?

Similar difficulties may arise in the establishment. Communism is held to cover a multitude of sins, and any worker who holds that opposition to the 'boss' and the pursuit of the immediate interests of his fellows is more important than striving for greater efficiency and better relations is liable to be called a Communist. This is an attitude which any manager who tries to build up democratic relations will have to overcome. But his task will be more difficult if the attitude arises from a philosophy which insists on the pre-eminence of the class struggle, and is backed by a tightly-welded organization. If he believes that the representatives whom his workers choose for joint committees are using their position to build up a popularity which they will later employ to subvert everything that he is trying to do—and this again is supposed to be a Communist tactic—he is unlikely to be enthusiastic about the committees.

We hear much of unofficial strikes in the nationalized industries, and these are frequently supposed to be engineered by Communists. Unofficial strikes are not new. Even before the war a very large proportion of the total number of strikes were unofficial. The more trade union leaders heed advice to act responsibly and to give courageous leadership, the greater is likely to be the incidence of such strikes. Strikes are at least sometimes justifiable, and the suppression of strikes

would be undemocratic. No one but a Utopian expects that even a completely socialist society would be strike-free, unless by force, and no democrat could have accepted the permanent extension of compulsory arbitration orders with equanimity. For all this, strikes in nationalized industries are not an advertisement for socialism, and are not likely to assist co-operation. On the other hand, lost time due to strikes, despite the press, has continued to be low since the war, and the share of the industries now nationalized in this total is no greater than it was before the war. We must also remember that industrial change, as any industrial psychologist would tell us, is not only the opportunity for consultation and for co-operation in solving new problems, but also productive of unrest, of maladjustments, and of the other spiritual disorders which are supposed to be behind strikes—for not even a Communist can manufacture a strike without a grievance. Strikes in nationalized industries may then be, in part, an indication of the speed with which the boards are pushing ahead their schemes of reorganization.

It is often said by workers in the nationalized industries that more attention is now paid to human problems than ever before, and yet those problems seem to be greater than ever before. The case is not, then, hopeless, for the will and the energy to tackle the problems is, at least to an extent, present, but the solution is still a long way off.

Syndicalism has been rejected and joint consultation put in its place. But joint consultation has not been sufficiently defined. If it is to be a growing participation in the management of industry, the unions are

ill-prepared for the task. They are not organized for the job, their representatives lack technical assistance, are overburdened by their normal work, and often occupied by union rivalries or the game of Reds versus the Rest, and the unions have not thought out the full implications of such participation, or prepared themselves to deal with them. In spite of the inclusion of ex-trade unionists in the boards and in high office under the boards, the management is probably as ill-prepared for the job as the union side, if it is to cover anything more than the normal functions of labour administration in industry or of an establishment section in the Civil Service. If there is more than this to the job, what is it, and how are they to learn to carry it out? Centralization and standardization of procedure, of wages and conditions, make difficulties both for managers and for workers.

Despite this, relations at the centre are usually held to be fairly good, but the same is by no means always true in the place of work. The place of work is at the receiving end of the system of command. Workers and their representatives there may not understand the difficulties which have led their leaders to accept schemes which are imposed upon them. The manager may equally resent instructions, and may find that the machinery of consultation brings news of them to the workers before himself. In this way also he may find himself in the position that has long been the lot of the foreman—to find that the shop steward may be a more important man than himself. If co-operation is to be built up in the place of work itself, the main responsibility lies on its manager, but it is a task he may well not understand, for which he has had no training, and

he may well be too busy to give much attention to it. Moreover, the task requires initiative, and the manager in the newly-nationalized industry has just been subjected to a multitude of controls; it requires that there should be plenty of local issues for local democracy to feed on, and in these industries centralization has removed a great number of decisions to a higher level.

Chapter IV

INDUSTRIAL DEMOCRACY IN NATIONALIZED INDUSTRY

CRITICS of the form of nationalization adopted in the Acts passed under the third Labour Government fall into two groups, the decentralizers and those who demand a greater degree of workers' control. Active supporters of schemes for decentralizing the industries already nationalized come mostly from the Conservative and Liberal Parties, but there are large numbers in the Labour Party, both on the right and on the left, who regard the experience of nationalization as showing that large monopolies under public corporations are cumbersome, bureaucratic, and not very effective means of attaining the party's objectives in industry. There is to be no retreat from the measures of nationalization already taken, but extension of the same method to other industries is reserved for exceptional cases, and both the party and the T.U.C. seem to be turning to other forms of industrial organization, though it is as yet by no means clear what those forms are to be, or how they can be reconciled with traditional socialism.

Apart from the definite proposal of the Union of Post Office Workers for a Joint Administrative Council chaired by the Postmaster-General, most demands for a greater share in control have been left vague. Some have merely demanded that there should be more

'trusted representatives of the working class' appointed to the boards or to high office under the boards, others have claimed a definite proportion of places on the boards for ex-trade unionists, up to half the number of places. Sometimes there is no mention of any change in the position and loyalties of such appointees, and it may be presumed that they are expected to resign their office and become responsible only to the appointing minister; sometimes it is definitely stated that they are to be the chosen representatives of their unions, responsible to them and revocable by them. Claims of this sort have been embodied in resolutions at Labour Party Conferences and Trades Union Congresses. The leaders of the two movements have shown considerable sympathy with the suggestion that all is not well with the nationalized industries, and in some instances have promised to consider the resolutions; but in the end they have not accepted their content, and have turned from the reform of nationalized industry to the postponement of further nationalization.

Nearly all these proposals have been concerned mainly with the form of the bodies controlling the industries at the centre, and much less with the form of management in the establishment. At the 1948 Labour Party Conference a resolution was moved by the Salford (North) Divisional Labour Party calling for an act to nationalize the iron and steel industry without compensation 'which shall have as its foundation a complete scheme of control by the workers engaged in the industry. In every iron and steel plant there shall be elected a Committee of Control. This Committee shall include the management and technicians' representatives, but only the elected workers'

representatives shall have voting powers . . .,' but the debate which followed was mainly concerned with delay in the nationalization of the industry, and this section was not taken seriously. Many of the proposals come from the Communists, who have consistently tried to make use of slogans concerning workers' control. One of the main reasons for the collapse of syndicalist movements on the Continent and of the shop stewards' movement in Britain after the first world war was the absorption of a large number of their leaders and supporters by the Communist Party, whose 'workers' and peasants' soviets' looked deceptively like syndicalist organs for the control of industry. That the Communists should be mainly concerned with the central control of nationalized industries is understandable, for they are centralizers who seek power; they would welcome the added authority which Communist trade union leaders would have as members of the controlling board of an industry; and the greater the powers of the board, the better for them. That those who draw their inspiration from the pure doctrines of syndicalism and guild socialism have not given greater attention to the problems of centralization which any board, however packed with ex-trade unionists or trade union representatives, would have to face, and to the formation of schemes to overcome those difficulties, is more surprising. If the aim of such philosophies is to give the individual worker more say in the direction of his industrial life, at least as much importance should surely be placed on schemes designed to affect his status within his actual workplace, and his relations with the foremen, technicians, and managers within that place of work, as to schemes

to strengthen the voice of his trade union leaders in the general direction of the industry.

1. Decentralization

A strong case can be made out for the need for measures of decentralization in nationalized industry, but socialists are likely to be suspicious of the arguments used for two reasons. First, because proposals of this sort have come mainly from Conservative opponents of nationalization; and secondly, because the central planning of each industry under the general control of a government concerned with the co-ordination and development of the country's economy is one of the central features of socialism, and any scheme for handing over an industry to the control of a number of independent authorities seems subversive of that aim. The case for central planning and control has been made out in general, and for each of the industries which have been nationalized; if it is to be abandoned, why not abandon nationalization?

Decentralization is a word which has been worn out of shape. Since Arthur Greenwood told the Sankey Commission that 'a whole industry under a single ownership lends itself to centralization and bureaucracy. . . . The danger is to be met by decentralization,' many of us have been guilty of saying that nationalization necessarily involves centralization, but that once the industry is put on its feet, decentralization must follow, without having any clear idea of what we meant. Just how does an industry decentralize?

The boards have not been unaware of criticism of their bureaucracy. The Burrows Committee was set up

to review the organization of the Coal Board, and, by and large, approved it. Each board in its annual reports assures us that it has given a great deal of attention to the problem and has devolved authority in every direction as far as it possibly can. What have they left undone that they ought to have done? Decentralization must mean taking powers from one authority and investing them in subordinate authorities. The gas industry is more decentralized than the coal-mining industry because power is mainly in the hands of area boards with the Gas Council as a federal body, whereas the Divisional Coal Boards are, legally, mere creatures of the N.C.B. This kind of decentralization may have its importance, but its interest for the man whose main concern is industrial democracy will be limited, for it has no direct effect on the place of work itself. Nor will it greatly concern the enthusiast for human relations in industry, whose field is limited to groupings within which there are direct relationships, or at the most relationships not at more than one or two removes. Whatever the exact number of persons this may include, the Gas Boards' ten to fifteen thousand employees, and the Divisional Coal Boards' fifty or a hundred thousand, together with their large geographical areas, are clearly far beyond the limit. At the same time, the socialist will want to be assured that this kind of decentralization does not go too far. He will point out that the gas industry is peculiarly fitted for regional development. It has not the national grid of the electricity industry, nor the problem of profitable and unprofitable coalfields which besets the Coal Board. If, then, the Coal Board assures us that the maximum possible powers have been granted to the

divisional boards, who in turn tell us that they have decentralized to the limit to the areas, who have given all possible authority to the sub-areas, who have been careful to leave every conceivable power in the hands of the colliery manager, must we not leave it at that, and suppose there is no profit in pursuing this line of attack?

The answer is that, given their present structure, the nationalized industries may well have decentralized as far as they can. We have already argued that a controlling body, with the best intentions, must draw power to itself; otherwise it would not control. If there are to be a number of stages in the hierarchy of control, each absorbing power, no scheme of decentralization is going to make the unit of industry much more independent than before. It is much more likely that any drops of authority which are squeezed out of the central board will be rapidly absorbed long before they have percolated down to the individual establishment. But must there be all these stages? If one or two of them could be cut out there would be a considerable release of powers which could be distributed elsewhere, and the nearer the excision to the establishment, the more certainly would it be followed by an increase in the independence of the establishment and its manager.

The immediate objection to this would be to say that at the moment each stage in the hierarchy has to cope with about as many subordinate units as it can manage. Already it usually has reporting to it a far greater number of separate units than is customary in a military organization, where three or four is the rule, and quite as many as would be recommended by experts in public administration who calculate the

number of relationships involved. This argument neglects, however, that there are different kinds of control. If a man or a board is to exercise complete and over-all control over subordinate groups, three may be enough for comfort, five close to the limit, and ten quite beyond capacity; and this is the kind of control which leaves little real independence to the subordinates. Their superior is answerable for their every action. Control *can* be exercised by different techniques to make ten or twenty a comfortable figure and perhaps as many as fifty manageable. Among these techniques are sampling, budgetary control, and standard costing. They are just the kind of techniques which should be used in controlling an industrial operating unit. The manager does not need to be called to account for every item of expenditure; if he exceeds a limiting figure, then the reasons will have to be known. His output does not need to be checked frequently; periodically the figures relating to his establishment will have to be examined, and the trend will give an indication of whether action is necessary. If he cannot turn to a close superior with a staff of experts in every difficulty, however small, he will have to be a 'manager' and not a 'glorified charge-hand.' The techniques just mentioned are, in fact, already used in the nationalized industries, but the many-tiered hierarchical structures prevent their use to full effect.

If we accept the possibility of cutting out stages in the hierarchy, which should go? It should be clear from the argument so far that the stage immediately above the operating unit—the area and sub-area in coalmining, the sub-area in electricity, and the division in gas—would be a strong candidate. This

would have by far the greatest effect in increasing the independence of the establishment, and in putting the manager, upon whom we have said the responsibility for developing industrial democracy mainly lies, in possession of powers which he can share with the workers and in a position to take decisions of importance about which he could consult them. It would go a long way to solving the problem of the functional expert. If the latter were to be found only at the region he could not pretend to have the detailed knowledge of each establishment to enable him to control its activities in his field, nor would he have the time to exercise that control; if control is taken to mean supervision. He would have to become an adviser, giving his attention where it was most needed, or where it was sought, and he would be forced by pressure of time, whether he wished it or not, to send back trivial problems, or matters which could have been decided without his aid, for local action. The formal powers of the establishment manager might not be greatly altered; but he would become far more free to use them without supervision or checks. This change would also go some way towards a solution of the problem of promotion. The status of the establishment manager would be increased; he would be less power-starved and less likely to look eagerly towards a higher post which would give him a job that seemed more worth while, and would look more important in the eyes of others. The number of senior posts would be reduced and there would be less satisfaction for him in giving his attention to pursuing, or waiting for one of them. Perhaps the change would do something to satisfy those who criticize the large number of well-paid and

easy jobs the nationalized industries are supposed to have provided.

What of the other levels? Could we dispense with either the regional or the national boards? The gas industry has only a federal national body and there is no statutory provision for regional authorities in the Iron and Steel Act. We are here on difficult ground, for national planning demands some national authority and no national body could exercise control over the thousand collieries in the country or the whole electricity supply industry, without some intermediate stages of authority, which might be no less bureaucratic for being district or regional controllers instead of boards. It is tempting, however, to suggest that the work of the national boards, or as much of it as remained necessary if the national boards were abolished, could be done by the ministry. The duplication of work and staffs in the ministries and in offices of the national boards has been criticized. The national public corporation has not turned out to have all those advantages over the government department which were at one time claimed for it. The new management would not involve any interference by the minister in matters of detail. They would remain the responsibility of the regions. Indeed, it might well have the advantage of making clear the boundaries of the minister's authority and make him exercise that authority overtly, so that he could be held responsible to Parliament for the actions he took in respect of the nationalized industries.

Appointment to the new regional boards would remain a ministerial responsibility, although the minister would be forced to rely to some extent on

local advice in making selections. The clearer separation of responsibility between the minister at national level and regional boards should, however, give less grounds for the accusation that their members would be 'ministerial stooges,' which is one of the complaints voiced against members of our present boards. Perhaps the change would also serve to remove some of the hostility to London which is found in the provincial organizations of these industries; at least the hostility would no longer signify a conflict within a single organization. The relative independence of the boards would also allow more experiments in organization. It would no longer be necessary to follow a standard pattern throughout the country, and it would be possible to try out such schemes as that of the Welsh Gas Board under which divisions are federal groupings of gas works' managers, choosing their officers from amongst themselves, and thus avoiding the creation of a new stage of authority with its staff of experts. There would, of course, be little objection to the interposition of organizations of this sort between the regional board and the establishments.

We may imagine, then, a ministerial department responsible for one or more of the nationalized industries, collecting over-all statistics and financial returns, planning the general development of the industry, and breaking plans down into annual budgets in conjunction with the various regional boards, fitting the plan in with the plans of other departments, and maintaining certain common services—for instance, buying and selling overseas. The regional boards, even though they might, to suit the needs of some industries, cover a smaller area than is now customary, would be

responsible for the supervision of a large number of operating units, for allotting tasks under the plan, and funds for capital development between those units, for controlling their fulfilment, for maintaining technical services, and advisory services in the purchasing of supplies and so on. Within this framework considerably greater latitude would be allowed, and would have to be allowed, to the regions and to the establishments than in the present form of organization, because there would be no means of exercising the detailed control which now exists. The regional boards would have to form some national federal body to negotiate with the trade unions, to meet the ministry on common problems and perhaps to maintain research and training establishments, if these did not remain the province of the minister. The establishments also might well be formed into federal groupings to maintain local co-ordination. Recruitment to the lower grades would be left with the establishment, with the proviso that outside recruitment would normally be debarred if there was any redundancy in the industry, and if those declared redundant were willing to accept the job and competent to perform it. Recruitment and promotion at higher levels would be one of the means by which the regional board maintained control, probably by reserving one place on all selection boards for its staff or labour department. The scheme would require modification to suit the needs of different industries. There would need to be a national body to run the grid in the electricity industry, but it could be a body parallel with the regional boards and need not control them. There would have to be some provision for a Coal Charges Account in the coalmining industry, at

least for some time to come, to subsidize the fields which run at a loss at the expense of the profitable fields—the miners would refuse to accept any scheme without this.

But we must not run ahead too fast. This whole project assumes that industries can be separated into regions which, once plans and budgets are settled, can be run independently, and that the regions again are made up of operating units or establishments which will require only a limited direction and control from the regions. This may apply to the coal-mining, gas, and electricity supply industries, but has it any reference to industries which supply a national service, to road transport, London Transport, the Post Office, and the railways? The Ministry of Transport might replace the British Transport Commission and treat the executives responsible for the various services as the equivalent of regional boards, but this would achieve something only at the centre, for the number of stages of control below the executive in both road haulage and the railway are far too many for this to have effect at the lower levels. How can regions in a national, co-ordinated, interlocking service have more than a strictly limited independence, particularly if the service, as in the railways and the Post Office, is departmentalized from top to bottom? The Post Office introduced its scheme of regionalization in the years before the last war. It has now settled down and become generally accepted, but there is no means of knowing how far it has reduced costs and improved efficiency, and it does not seem that the redistribution of authority at the top has had much effect on the primary units of the service. Its effect on labour relations seems to have been small.

The largest trade union in the Post Office has declined to alter its structure to meet regionalization, and conducts negotiations with the regions through its head office. Still more important, are there any units or establishments in these services which can be fitted into our scheme of decentralization? What would the unit be on the railways? Could a London bus garage be given its head to be controlled only by budgetary methods? Clearly these national services require something very much like that detailed supervision and hierarchy of control which our scheme was suggested to avoid. This does not mean that there is no room for decentralization in these services, for a modification of departmentalization, but it does mean that schemes to achieve this would have to be carefully worked out to suit each industry, and that it would be unwise to expect great changes and startling results from them.

2. Decentralization and Collective Bargaining

If decentralization is our aim we must remember that the trade unions themselves exert considerable pressure towards centralization. They are themselves centralized bodies, always ready to take doubtful issues as high as possible, carrying on their business largely through regional and national officials and frequently slow to encourage branches or works committees to settle matters for themselves. This description is not uniformly true; the miners' lodges and the areas of their union have far more autonomy than is customary in most other unions. But where an establishment manager finds the district official of the union called in to deal with any difficulty which crops up, is he not

likely to call in the labour officer on his side? If the national union officer is brought in, does it not become a matter also for the national board? If appeals are taken through the bargaining machinery the matter must go out of the scope of local and then of regional authority. And what of the national agreements on wages and conditions which bind the establishments and the regions in these matters?

There can be little doubt that it would be useless to try to push the clock back and to oppose the trend towards national uniform wages, particularly in the nationalized industries. The old system of a regional or national minimum to which individual undertakings could, with greater or less latitude, add according to their prosperity may have had some advantages in flexibility and in rewarding the more productive workers, but it undoubtedly offended the worker's sense of justice, for it was rarely a matter of the worker's choice whether he was employed in a more or less prosperous undertaking, and the productivity of his labour was largely determined by factors over which he had no control. It is true that national rates must be applied in an arbitrary manner; the margins of grades must be settled by judgment, and considerable difference in effort and competence within a grade may go unrecognized and unrewarded. But most of the grievances which arise from their introduction arise in the early stages. Previous advantages may have to be absorbed slowly and with tact, but once the process is complete its results tend to become accepted. If it is a choice between evils, this is surely the lesser evil.

Flexibility might be introduced into the higher salary levels, where differences between jobs become

more apparent, and the results of differences between individual effort and talent more obvious, by grading men rather than jobs. One manager might be thought worthy of a higher grade than another who had charge of an establishment of equal size and equivalent output, or than his predecessor or successor in the same post. This might provide greater incentive, and also alleviate the rigidity of a promotion system in a standardized service, in which there is necessarily much waiting for the shoes of dead or retired men. But the application of such a system would require considerable care, and the associations of those concerned might not be easily persuaded to accept it.

The difficulties of 'wage-levelling' are far greater when it is extended beyond the bounds of a single industry—for instance, under the Transport Commission. This is a problem which has faced London Transport since 1933, since it operates both road and rail services, but the Transport Commission has vested in it not only rail and road passenger services over the whole country, but also road haulage services. Are the wages of those working in the more profitable services to be held back in favour of the rest? And how is this to affect those in the industry who are still working for private firms or for local authorities? The answer is that it would be impossible for the Commission to 'treat all the business it carries on as an undertaking' if it did not compare railway wages with road transport wages, and that if it is unfair for a bus driver to receive a reduction in wages because he has been directed to an unprofitable route, it would be unfair if his wages were to soar ahead of the railway worker's wages because the latter happens to work in a less profitable

industry. Moreover, the need is for wages to be compared over a far wider field than that of the nationalized industries. Every extension of socialism makes it more essential that the government should set up some body to compare the demands made by, and the increases granted to, every group of workers. This need has been underlined by the crumbling of the policy of wage restraint, which, despite its great success for a time, could only be a temporary expedient.

Another reason for supporting standardization and centralization in this field is that the teaching of socialism has always insisted on the need for a far greater equality of incomes, and has argued that a socialist society would release other motives for labour and service to take the place of, or at least to reduce the importance of, the desire for financial gain. Besides its effect in reducing interest rates, though the Treasury guarantee, nationalization has been followed by a much more modest span in salary range than is common in private industry (even including the salaries of members of the boards which have come in for so much criticism from the left), and, even more important, have entirely curbed the misuse of expense accounts which is so common elsewhere. Whatever the merits of the case for further reductions in the highest salaries in nationalized industries at the moment, it is to be hoped that progress towards equality will continue both within the nationalized industries and throughout the country. Standardization of salaries and wages is an essential part of the process towards equalization. If other motives do not come forward to take the place of cupidity in the pursuit of efficiency in industry, the case for socialism is so much the weaker.

There are no similar arguments to command approval for growing centralization in dealing with the host of grievances which arise for consideration under the collective bargaining procedures. But if centralization here is to be deplored, by what means could it be avoided? One suggestion might be to take the same step as we have proposed to deal with centralization in the administration of the industries—to cut out stages. The normal stages in the collective bargaining machinery are from establishment to region, and from regional to national level. In recent years the importance of regional councils in many industries has been considerably reduced by the introduction of national negotiations on wage rates, hours and conditions; although this is not true of the mining industry, nor of the railways, where the local departmental councils deal only with such matters as rosters of working, and most of the bargaining, as opposed to joint consultation, takes place in the regional sectional councils. Would it not then be possible to avoid bureaucracy and delay, and to force the establishments to show far more willingness to deal with their own problems, by cutting out the regional stage, and making decentralization the only alternative to an impossible overloading of the national councils? This change could not be achieved by administrative *fiat*, for it would require the consent of both parties. The district or other equivalent trade union division which roughly corresponds to the area of a region is normally a most important stage in the union's structure, so that consent would not be easily obtained. Moreover, the region is an important level for consultation, and if any part of the proposed scheme of decentralization were introduced it would become

more important. In the industries which deal with both consultative and bargaining matters in the same committees or councils, the regional stage could not be left out, and if, as we shall argue, the separation of the two methods in the other industries might well in time be abolished, this would also apply there.

Directives and pressure have been applied on both sides to try to ensure that differences are settled as near as possible to their origin, and it may be that consistent effort of this kind will serve to get rid of the trouble. The reasoning behind our proposals for decentralization, however, rested on the assumption that man, with the best will in the world, cannot go far to avoid bureaucracy by command, advice, or example so long as the organization is one in which power and decisions are naturally drawn towards the top. Until the organization is recast such endeavour is not likely to be much better rewarded than Canute's.

The only other suggestion is that collective bargaining should borrow from the procedure of the civil courts and insist that certain classes of disputes can be appealed no higher than a given level. The application of this suggestion would not be easy. There could be no simple means of distinguishing between cases according to the amount of money involved. That might not be easily determinable in disputes about the correct rate to pay for a particular job, about overtime and the like, and many grievances are only indirectly related, or not at all related, to claims for payment. Whatever the difficulties, however, this method might be worth experiment.

Something of the sort already exists in the mining industry's conciliation procedure by which disputes

affecting only one pit are settled by arbitration at that pit, and disputes affecting only one division by arbitration within the division. The industry is, however, exceptional in that conditions are so very different from one pit to another, and from one coalfield to another, and the scheme has its difficulties. Pit arbitrators are usually the same hard-worked union or Coal Board officers who sit on divisional negotiating and consultative committees, so that frequent resort to the procedure may cause divisional congestion, and the result of each case may depend less on the merits of the case than on the side to which the arbitrator chosen for it belongs.

3. Industrial Democracy at the Place of Work

We have devoted considerable space to decentralization. It may now well be asked: what has all this to do with industrial democracy? We have been discussing various devices whose main purpose is to put greater power and authority into the hands of the manager of the individual establishment in nationalized industry. In private industry, managing directors and owners of private firms usually have far greater power than he can ever hope to have, and private industry has not been more democratic on that account. The struggle of the trade unions has been to reduce the authority of the manager, his power to decide wages, hours, and conditions of employment, to compel him to enter into agreements to limit his freedom of action, and to persuade Parliament to hedge him round with factory Acts, mines Acts, workman's compensation Acts, and the like. The relative success of Whitleyism in the Civil Service has owed little or nothing to

measures of decentralization, and far more to pressure from above to make use of the joint committees, backed up by the sanctions of a centralized organization. What reason have we, then, to suppose that increasing the freedom of action of the establishment manager will be followed by a growth of industrial democracy in nationalized industry?

Let us run over the argument which has brought us so far. We have said that industrial democracy consists, in part, of the opposition of the trade unions to the employer, and, in part, of the attempt of the employer to build his employees into a team working together towards a common purpose, so long as that common purpose is freely accepted and, in particular, so long as trade unionism is given every facility and even encouragement. We have also said that democracy of the common purpose or general will—democracy based on an organic political theory—is only acceptable within a relatively small organization; if the organization is sufficiently large it becomes a sham and a cover for authoritarianism. No one can say at exactly what number a collection of human beings becomes too great for them to form an organization which might properly be described as a team. What we normally understand by a team is, after all, only eleven or fifteen persons. Perhaps industry can manage to make ten or a hundred times that figure pull willingly together, but dare we put the number much higher than that? No doubt the margin is wide, and exceptional individuals may be able to succeed with far larger numbers. Circumstance is important; in times of stress, as during a war, a whole nation may pull freely and willingly together. Distance is probably

almost as important as numbers; co-operation is much easier in a single building, or group of buildings, than over such a wide area that regular contact can only be maintained by letter or telephone, and is contact between only a few members of the group in higher positions.

A group may be part of a larger organization and still work as a team; but this directly implies that they are clearly marked out from the rest of the organization. In a regular, uniform, centrally directed service it is not so easy to form teams. If a group is to form a team it must have considerable freedom of action in respect of those functions which it performs as a team. A number of people working together in industry may form co-operative groups to further purposes of sport, art, religion, or politics; they may even form a co-operative group to further purposes connected with work in which they have freedom of action, for instance, a trade union. But if they are to perform their work *in* industry as a team, they must, as a group, have a considerable amount of autonomy in deciding how it is to be done. Within the group power may be autocratically or democratically exercised; we are not for the moment concerned with that. Here again we are dealing with a matter of degree. We cannot specify the degree of autonomy required for the formation of an industrial team. It also would vary in different circumstances and with different people. But we should be on safe ground in asserting that the more the autonomy the more easy it will be for teams to be formed. Since we are discussing organizations which were formed largely to introduce a central direction which had previously been lacking, our task has been to suggest

a means of exercising that central direction which will leave as large as possible an area of autonomy for the units which we hope will work as teams.

Democracy of common purpose applied to a whole industry would be a sham; it could only be made to appear effective on the surface by methods of repression. Democracy of common purpose in the industrial establishment is not likely to succeed unless the establishment has a fair degree of autonomy. Even if a team could be built up without autonomy, it certainly could not be called democratic, for it would have no power to exercise democratically. It is for these reasons that we have paid so much attention to the establishment in nationalized industry, and to an effective decentralization of power to the establishment. Our problem now is: why should we expect that advantage would be taken of the opportunity if it were offered? What special advantages has nationalized industry in encouraging autonomy to be used democratically?

The answer, paradoxically enough, is that if nationalized industry has any advantage, it lies in its centralized power. This does not mean that a national or regional board can create good relations throughout its various undertakings by an administrative *fiat*. Far from it. Consultative committees have been compulsorily established, but no mere compulsion can make them work satisfactorily. The use of power must be more subtle than that. In the first place, one of the most important means of control which boards possess is their power over appointments and promotions. This power can be used to put in the key positions men and women who understand the nature of democratic leadership and are likely to be able to make effective

use of that understanding in carrying out their work—provided, of course, that they possess the other qualifications required for those positions.

In recent years there has been greater attention paid to these aspects of management, and a good many appointments in nationalized industry have been made with industrial relations in mind. A considerable number of ex-trade union officials have been appointed. Most of the appointments, however, have been to functional posts at the higher and middle levels of management—staff officer, labour officer, welfare officer, and so on. In the first years of nationalization they have been of great importance in ensuring that there should be more understanding of the attitude and interests of the workers in carrying out all the changes and reorganization which followed on the change of ownership, but it is not from these positions that the kind of job we have been discussing can be carried out. Labour officers can be just as much of a nuisance as any other functional officer. They may well be able to prevent the establishment manager from committing follies, but they are not likely to be able to get him to do the right things unless he is already predisposed to do them, and comes to them only for advice on difficult problems; and the labour officer is just as likely as any other functional officer to weaken establishment autonomy by his interference, even by his very existence, and thus retard the growth of any team spirit there. Moreover, it must not be assumed that trade union experience is automatically a qualification for enlightened management. The two tasks are very different, and trade union officials who have 'crossed over' have by no means invariably won a reputation

for sympathetic management. More democratic schemes of training and promotion may be expected, in time, to fill most of the managerial posts by men who started at the bottom. This again should have a considerable effect in increasing understanding, but it cannot be assumed that promotion from the ranks will by itself solve the problem. If having started at the bottom is the guarantee of the right kind of leadership, there should not be, for instance, much difficulty about industrial democracy in collieries.

If training those with qualities for leadership of this sort to be managers can go part of the way to solve our difficulties, training managers in the right sort of leadership can perhaps take us a step further. And this proposal has the attraction that it is likely to bring results fairly quickly, if it is going to bring results at all. Some attempts have been made to start schemes of training of this kind, particularly, as has already been said, in the mining and electricity industry. Of course, no one believes that qualities of leadership can be drilled into those who do not possess them, but we must remember that many of the aspects of this kind of work are unfamiliar, and education can draw out qualities of the right kind, and reveal methods of improving the working of consultative committees, personnel and welfare departments, of giving the workers a better understanding of the running of the establishment, and of encouraging their co-operation by other means than orders.

We place our hope, then, in the eagerness of the boards to build up good relations, in their wise use of their powers of appointment and promotion, in the democratization of promotion and training systems,

and in the extension and improvement of schemes for educating managers in new methods of democratic leadership. Taken together, these means should enable nationalized industries to attain a standard of management above that of private industry, and, provided the organization allows scope for its exercise, to reap the benefit of that higher standard. We have said that in the nationalized industries there is greater attention given than before to human problems; we have tried to suggest ways in which that attention can produce results.

So far our discussion has been mainly with an eye to the industries in which there can be effective decentralization to the individual establishment, and, therefore, it has not always been directly relevant to co-ordinated national services such as the railways or the Post Office. Even here there is no reason to believe that the same methods will not bring results. The boards which have gained the best reputation in this field provide such a service, though, admittedly, they employ a relatively small staff—B.O.A.C. and B.E.A.C. London Transport's reputation is higher than that of the Railway Executive. Joint consultation is almost as important here as elsewhere. The workers should know that their opinions and interests are considered either directly or through their representatives at each level in all matters which they feel to affect them. The effect of the greater degree of centralization will not be to make this impossible, but only to make more difficult the attainment of an adequate industrial democracy, because there are no sufficiently autonomous small units to serve as the focal points for its development. Even if the use of these methods here leads to no more

than a similar rate of progress to that of Whitleyism over the last thirty years, they are not to be despised; for that has been a considerable advance. Besides this, even if the scheme of decentralization which we have outlined is inappropriate to these industries, it does not follow that they are incapable of any further decentralization. There may not be much scope for further decentralization in London Transport or the Post Office, but is this true also of the Road Haulage Executive or the Railway Executive? The Road Haulage Executive faced a task of making a large number of small competing undertakings into one large organization which exceeded in complexity even that of the Coal Board, and perhaps that organization will not give the same appearance of excessive centralization when it has had time to settle down; but the railways have had thirty years to settle down as large organizations, and the change from four to one has not been so difficult. To the outsider the railways appear to work under an excessively centralized management. Any steps which could be taken to overcome this, and to temper the effects of their rigid departmentalization would be welcome generally, and particularly in the interests of industrial democracy.[1] It has been suggested that improved systems of accounting would make decentralization possible; if there is anything in this suggestion, it should be given a trial.

The right sort of establishment manager is only the beginning of industrial democracy. Unless the workers' representatives play their part, democracy is not likely

[1] See the interesting analysis and suggestions made in *British Railways —The Human Problem*, by Frank Pickstock, Fabian Society.

to succeed, and their capacity for the job will also depend on ability, on training, and on selection. Shop stewards and equivalent representatives have taken a long time to win general acceptance as necessary and valuable elements in trade union organization, and it is only recently that trade unions have paid any attention to their training for their task. Schemes for their training, such as the arrangements made by the National Union of General and Municipal Workers for courses for selected officers and stewards at technical colleges, or schemes for training by full-time officials, are to be welcomed. Some of the nationalized industries have been conducting courses for workshop representatives; prominence must again be given to the Electricity Authority. Union training is probably to be preferred if it is to be had, but this is a valuable means of filling what remains a yawning gap. Courses of various kinds can only be short, and most of the training of representatives must be on the job, by their more experienced fellows, and, especially in the work of joint consultation, by the manager, in leading them to understand the work of consultative committees, in feeding them with problems, and in giving them the information necessary to form judgments. Representatives are elected, and selection, therefore, depends on their fellow-workers. What is, then, the use of carefully selecting managers for their sympathy and for their ability to handle human problems, if they may be met by stubborn, cantankerous, and unco-operative representatives put there by their fellows? There are two answers to this. The first is that it is one of the tenets of students of human relations in industry that managements get the workshop represen-

tatives they deserve. If they want to fight the workers, they will get fighters. If they treat consultative committees as of no account, they will find themselves faced with fools and nonentities. If they mean business, men who can do business will be elected to meet them. The second and shorter answer is that democracy being largely a matter of the free election of representatives, this is a risk democracy has to run, and there will be no democracy in industry if it is not taken.

Another problem of representation which must be mentioned is the distinction between different kinds of representatives. It is possible in some industries to have shop stewards elected by the members of the union, works committee representatives elected by the whole body of workers, and again consultative committee representatives elected by the whole body of workers, and for these three sets of representatives to be different people. This appears confusing, but it is worse than that. One of the reasons often given to defend it is that if only some of the workers are trade unionists the others will go unrepresented if there is a trade union committee; another is that a different type of man (more malleable?) is required for consultation from the type who makes a successful bargainer. The answer to both these points is that the trade union is an essential element in industrial democracy. Any attempt to by-pass the unions and their representatives, even by seemingly democratic methods, to build up a paternalism which excludes them is no democracy at all. The real reason for having separate bargaining and consultative committees in the establishment is that different groups of workers (manual, clerical, technical) may bargain separately, and must be brought together for

consultation. To surmount this difficulty the workers' side of the consultative committee could be a standing joint committee of the various bargaining representatives. This method has proved successful in Woolwich Arsenal. It may be necessary to have separate electorates for shop stewards and for joint committees because of non-union membership, or because union membership cuts across the departmental divisions which are used as electoral divisions for the committee. If this is so, it is the task of the unions to ensure that as many as possible of their shop stewards are elected as representatives, and the management should give them every encouragement in this. It was the experience of joint production committees in the U.S.A. during the last war that 'the labor members usually included the president and vice-presidents or stewards of the unions. There was some confusion about this at first because of the instruction not to handle grievances, but it was found necessary to have the authoritative representatives of the workers as well as of management.'[1] Do we have to fall behind the Americans in this matter?

We have concentrated our attention so far on the establishment as a whole, but we must not forget that all but the smallest establishments are divided into various departments, workshops, etc., and that it will be by its effect on working life within these departments that industrial democracy will be judged. The greater part of the work of the manager in this field may be to ensure that the departmental managers and foremen are doing the same task in the departments as he is

[1] *Labor and Management in a Common Enterprise*, Dorothea de Schweinitz, Harvard University Press, 1949, p. 120.

trying to do in the whole establishment, that the plans which are made and the decisions taken by the central consultative body are discussed in the department, whether in a formal committee or informally between the manager and his foremen and the shop stewards, and that the workers' opinions are sought and their opinions expressed on how to carry out general decisions within their department. It is far too often possible for workers to say: 'We get on very well with the "boss," but the *foremen*. . . .' There is not likely to be successful co-operation between the two sides unless there is some democracy within the management, unless the foremen and departmental managers are given opportunities of stating their views, and encouraged to express themselves freely, and unless they also are represented on the central consultative body, preferably by representatives elected in the same way and given the same rights as those elected by the rest of the workers.

4. The Trade Union in Industrial Democracy

The most important function of a trade union is to represent and defend the interests of its members. Trade unions owe their existence to the need felt by the workers for an organization to oppose managers and employers on their behalf. The trade union cannot then become the organ of industrial management; there would then be no one to oppose the management, and no hope of democracy. Nor can the union enter into an unholy alliance for the joint management of industry, for its opposition functions would then become subordinate, and finally stifled. They should not make use of the

opportunities of joint consultation and of nationalization to take a share in the running of industry. The sense of co-operation and partnership which this might arouse amongst the trade union leaders who took part might be very pleasant and desirable in itself, but it would be important only in so far as it encouraged co-operation and partnership between the workers and local managers. There is little reason to suppose that it would do that; in fact, it would destroy the only sanction which makes local co-operation democratic, the sanction that it is co-operation with the members and representatives of a free and independent trade union.

It is true that we have allotted a dual role to the trade union representatives in the establishment. They are both to defend the interests of the workers, and, if circumstances are favourable, to participate in the running of the establishment. But this is because they are representatives of the workers *within* the establishment, because it is within an establishment that the great majority of workers spend their working lives, and because the establishment is normally of a size that makes possible a development of a democracy of common purpose. Moreover, because the establishment in nationalized industry is part of a much larger organization, usually far too large an organization to be a democracy of this sort, co-operation in the establishment can only be democratic co-operation when it is co-operation between a management and representatives of a trade union which is *outside* industry and, therefore, independent and willing and able to put the interests of the workers, if need be, before the interests of co-operation.

The conception of trade union leaders getting together with the board of a nationalized industry round a table which has no sides in order to solve together all the problems of the industry is both false and dangerous. Nationalization and joint consultation present opportunities to union leaders, but this is not the way to make use of them. That the industry is now under the direction of men who are to look to the public interest and not to private gain should make it more easy for the union leaders to do their job. That those men should be willing to give the union leaders full information about what is going on in the industry and about future plans, and that they should give them full opportunity to state the workers' interest in those matters should greatly widen the scope of their job. But their job remains essentially the same. There is no reason at all for coming to an agreement or understanding with the board in all these matters. If an important modification of intention will only be granted on the understanding that the unions accept the scheme as a whole, the unions may well be doing their proper task in coming to an agreement, but there must be many instances where they cannot get what they want, or are persuaded that the industry cannot afford it or that it cannot be risked at the moment, or would lead to repercussions elsewhere. There must be many more instances in which the union leaders cannot predict how things will turn out, and agreement would involve tying their hands beforehand. In circumstances of these kinds there is no advantage to be gained from 'participating in management' for the sake of building up co-operation and a team spirit, and responsibility should be left with the management.

The phrase 'it has been decided, after full consultation with the trade unions concerned' should mean only that the management has done its job in informing the unions and hearing their views, and not necessarily, as it almost always does to-day, that there has been an agreement.

The two things necessary, then, for an extension of democracy at national and regional level are for the boards and their officers to give full information to the unions, and for the unions to equip themselves to take advantage of the opportunity to concern themselves with the interests of their members in fields other than those that have traditionally been theirs. There is no doubt that unions are kept far better informed by the nationalized boards than is normal in private industry. There may well be shortcomings and bad patches in nationalized industry, but real efforts are made. These efforts involve work, in preparing and circulating documents, in preparing meetings and arranging them to suit the convenience of the busy trade union leaders, and that work will not seem to have been worth while unless the trade union leaders take advantage of the opportunities that are offered to them. We have already discussed the difficulties which face them in performing this work. Here we must ask if it would not be worth while to spend time and money in overcoming them. Could not the secretaryship of the workers' side of National Joint Councils or Consultative Committees be made a full-time job as it already is on the staff side of the Civil Service National Whitley Council, financed jointly by the various unions if there are several? This would make sure that there was someone to give full attention to the work of that side

of the committee, and should assist trade union co-operation in a field in which it is most essential. The employment of technical staff by unions has been suggested by the T.U.C. itself. The main purpose has been stated to be to ensure that managements are doing their job properly and that the income out of which wages and salaries are paid is as high as possible. Usually a picture is drawn of small and backward firms unable or unwilling to employ consultants, and the trade union expert is then expected to step in and force efficiency on the management. Might experts not serve almost as useful a function in the Joint Councils of nationalized industry? It is to be hoped that they would have less opportunity there to discover rank inefficiency, but they could brief trade union representatives in technical matters so that they could see, and argue more capably in defence of, the workers' interests when any projects in which technical considerations were important came before them. No one would expect the unions to move rapidly in this field, but it would be worth their while to experiment. What is certain is that if the trade unions treat the work of these consultative committees as a sideline, it will not become of very much value. To agree to proposals because that is the easiest way of getting through business is far worse even than to agree from a mistaken conception of the nature of industrial democracy.

If the work of the unions in the new fields opened up to them by nationalization and joint consultation is understood as an extension of their traditional function, the case for having two separate sets of committees at national and regional level, one for bargaining and the other for consultation, is weakened. It may well be

necessary to retain separate consultative committees because of pressure of business, or because the different unions, or groups of unions representing different grades of workers, bargain separately, and must be brought together for consultation. At the moment separate consultative committees may have the advantage of underlining the importance of work in these new fields, and of preventing it being smothered by the pressure of traditional work. But separation should not be regarded as an indication that in consultation the unions are to play a new part in which 'sides' are forgotten, and in the long run the consultative committees should come to be sub-committees or standing joint committees of the main joint councils of the industry.

The trade unions, then, should concentrate their efforts for a more steady advance on a shorter front, and perhaps even carry out some withdrawals in order to make their positions more defensible. This should go some way towards easing the difficulties of responsibility; it will be no more than easing, for the problem is as old as trade unionism, and it will remain so long as there are free trade unions. The assumption of responsibility is essential to the working of democracy. If the parliamentary opposition was not ready to take the consequences of its opposition and assume the responsibilities of government there would not be much political democracy. As we know, the structure of industrial organization makes it necessary for the union to oppose and take responsibility at the same time. It must sign agreements, it should take advantage of the opportunities of joint consultation, it must, if there is to be a Labour Party as we know it, do its best to help

a Labour Government. But it must also remember that, if there can be no democracy without responsibility, the acceptance of too great a degree of responsibility will weaken and eventually destroy democracy. It must, therefore, on each occasion balance the advantages to be gained by accepting responsibility against the disadvantages of tying its hands, and those of its members.

At the same time, the unions must remember that the tasks of trade union members within industry are not just the same as those of the union as a body outside industry. It has been the aim of socialists of all brands to make industrial working life far more pleasant and happy. The trade unions have done a great deal towards this by their work to improve wages and conditions of employment and to reduce hours of work; they can do a great deal more both in this traditional field and in taking their struggle to defend the interests of the workers into the new fields which are being opened up by joint consultation, especially in the nationalized industries. But this is doing no more than creating the framework for industrial happiness, and that framework can only be filled in at the places of work themselves, and on the job. In the past, the attitude of unions to workplace representatives has too often been restrictive, and even now that attitude has not disappeared. There are dangers in allowing greater scope to workplace representatives. Matters covered by collective agreements must be controlled by the trade unions which signed them. But there remains a wide field, and it is the task of the nationalized industries to widen it further, in which workplace representatives must be given their head if industrial democracy

is to advance. In this field the trade union official should act only as an adviser, and not as a commander. The trade unions have frequently regarded the efforts of employers who have tried to build up some sort of democracy of common purpose with mistrust, and that is understandable, for such experiments have tended to go beyond the normal field of trade union activity, and have sometimes covered attempts to supersede trade unions. To close down as far as possible on such experiments is one solution, but surely it would be better to acknowledge that this is a field which it would be to the advantage of the workers to cultivate, to recognize that within it central union control must be limited, and to try to make that control as effective as possible by encouraging workplace representatives to take advantage of its opportunities, by helping them with advice, and, if possible, even training them for that kind of work.

Communism does add further difficulties. It is easy to say that moderation in the assumption of central responsibility, together with greater encouragement of workplace representatives, should reduce the grievances on which Communism feeds. It is to be hoped that this is true, but Communists will certainly try to wrest advantages from any new freedom. This is a difficulty, but does it mean that industrial democracy must be restricted? Communism presents problems for democracy in politics as well as in industry. There are roughly three ways of dealing with it: to try to work democracy, accepting Communists, and curbing their activities only if they exceed the bounds beyond which anyone would be restrained; to suppress Communists; and to suppress liberty so that Communists will not be

free to carry on their work. The first method is the one which, up to now, has been accepted in this country. The second has some supporters, but most of us reject it because it is a severe limitation of liberty, and because the difficulty of defining a Communist always involves the extension of repression beyond their numbers. But hardly any support could be found for the third method in the field of political democracy, yet that is what the restriction of industrial democracy to avoid the difficulties of Communism amounts to. Many unions in this country refuse to accept the second method; others will not allow Communists to hold official positions. It does not, however, for the moment matter which course they adopt; so long as the third method is rejected we must carry on to make of our industrial democracy the best that we can.

The analysis of industrial democracy presented here is unusual, and may seem disappointing to those who believe in some form of workers' control. Let us glance once again at the alternatives. 'Self-government' in industry will only in fact be self-government if it is anarchist; that is, if industry is operated by small independent groups of free associates. This is incompatible with the conditions of industry to-day, with nationalization, and with socialism as it is generally understood to-day. Government of a whole industry by a union or by joint control would be autocratic and not democratic since there would be no opposition to defend liberty and check the government's excesses.

It might be suggested that it would be possible to build up an elected management within industry

(selection being from amongst properly qualified candidates for all posts requiring technical qualifications) while the unions remained outside industry to carry on their proper function of defending the workers' interests. If, in the extreme case, the whole of the management was chosen in this way, both sides would have an equal claim to represent the workers in any dispute or negotiations. What power could the unions wield against this elected management? The trade unions would never accept the scheme, and if it were forced upon them they would, in self-defence, have to struggle to get their nominees elected. If they succeeded they would in fact control industry, and there would be no opposition. If they failed their power would be destroyed, and there would be no effective opposition. In either event there would be no industrial democracy.

Since we have argued for a somewhat different conception of industrial democracy in the establishment from that in the industry as a whole, it would perhaps seem that it should be embodied in a different form. Could we not have an elective management, or some kind of joint control in the establishment, whilst at higher levels the boards and the unions retained their full independence? But would an elected management be responsible to the workers, to the union, or to the board? Once again the board and the union would necessarily fight party battles, and whichever party won, opposition would be at an end (or, if it remained in order to fight future elections, administration would become impossible; Civil Service administration requires that party controversy be kept *outside* the departments). If some form of joint control was instituted in the establishment, whose orders would its members take?

There would again be chaos unless the two parties came to agreement at higher levels. If they did, there would be joint control throughout industry, and no opposition.

Organized opposition is a prerequisite of democracy, at least on a large scale. Only so long as the trade unions act as an opposition to management will they serve the interests of industrial democracy.

Chapter V

CONCLUSION

THE central purpose of this essay has been to argue that there is no simple and unique theory of democracy which will cover all the uses to which we put the word. The theory of democracy as free co-operation in pursuit of common aims must be distinguished from the theory of democracy as a mechanism for securing popular choice of policies and popular control over government. They must be distinguished because the kind of organization which is best fitted to give democracy in the one sense is ill suited to give it in the other. Both theories are useful, and both kinds of democracy are desirable, but in different circumstances. Democracy of common purpose may work admirably in small societies, but an attempt to apply it on a grand scale is likely to destroy the free opposition necessary to choice. Since we reject anarchism we must have large-scale organization, and this can only be democratic in the second sense, so that democracy of common purpose can only exist if it is contained within a larger democracy of opposition.

This applies to democracy in general, but in this essay we have been concerned with industrial democracy, and particularly with industrial democracy in nationalized industry. Even in this limited sphere we need to remember both theories. Industrial democracy is inseparably connected with trade unionism. Trade unions brought democracy into industry by building

themselves up as opponents to the arbitrary power of employers and managers. Theorists of industrial democracy have usually been trade unionists or closely connected with the trade union movement. Their theories, however, have been of industrial self-government, of the government of industry by the elected representatives of the workers. Such proposals have been attacked on the grounds that they neglect the interests of consumers and of the state. We have argued that they must be rejected also on the grounds that they would not give industrial democracy. Trade union opposition is essential in our large nationalized industries, not only because we have decided that their managements shall be appointed by and responsible to the state, but also because they are too large ever to function as democracies of common purpose, without opposition.

This does not mean that the aims of the industrial democrats are to be rejected. Their ideal was noble, and it must be pursued. It does mean, however, that it must be pursued, as is now widely admitted, not by their methods but by the methods of 'joint consultation,' and it means that the most important field for the development of joint consultation is not the meeting-place of industrial board and union leaders, but the individual place of work. It must be joint consultation within the framework of independent trade union opposition, and that opposition is the first task of the union officer. In fact, too much joint action and agreement between board and union leaders will not only hinder the development of satisfactory consultation at the various places of work, but undermine the sanction of industrial democracy—free trade unionism.

If democracy of common purpose is to flourish in nationalized industry it must flourish in these small units, and the structure of the industries' organization must be suited to that end.

At the same time we have argued that the difference between the public corporation and the government department has been exaggerated. At least such large public corporations as we have to-day are almost as liable to centralization and red tape as is a government department. Their 'independence' is limited by ministerial interference, and it is independence for only a few men to control perhaps hundreds of thousands. The public corporations have not developed any very impressive devices to replace the parliamentary question as a means of ensuring public control, and most of the suggestions for the improvement of the devices which they have might well stifle initiative even more successfully than the parliamentary question is said to do. If the public corporation is to be so very different from the old government department its structure must be changed.

For these various reasons we have suggested some alterations in the structure of some of the nationalized industries as worth consideration. The appropriate government department might well take over the functions which are essentially national. There does not seem to be any great virtue in reserving them for a semi-independent board, and the change might have the advantages of providing more effective public control, through Parliament, over action in these matters, and of making a clearer distinction between matters of national concern and other matters. If this distinction could be made more clear it would assist

both parliamentary control and internal operation. The administration of the industries could then be entrusted to regional boards, although these might cover rather smaller areas than our present regional boards. They might provide a more satisfactory focus of loyalty than a national body. Most important of all, however, the layers of authority between the regional board and the managers of individual undertakings should be removed in order to reduce interference with those managers, and to raise their status, which can only be done by reducing the number of their superiors. This change is advocated to increase the scope for initiative in nationalized industry on general grounds, and in particular to provide the kind of manager who will develop industrial democracy of common purpose at the level at which it is most important, and to give him enough power to make of that industrial democracy a thing worth having, and a thing which will attract the serious attention of many workers. Where the nature of the industry makes this scheme inapplicable, other measures of decentralization should be possible.

Reorganization of nationalized industry will not be lightly undertaken. There must be much further inquiry and discussion before we are certain how it ought to be reorganized, and this essay is intended as a contribution to that discussion. In the meantime clear thinking may help to ease some of the problems. To help such thinking it may be well to restate simply some of our main conclusions, whether they be right or wrong. The main duty of a trade union is, and must remain, to oppose. The worker will derive little satisfaction from the knowledge that his union leaders

are participating in all manner of discussions relating to his industry. His satisfaction will come only from the advantages which they can obtain on his behalf out of those discussions. It is very important that new fields of industrial activity are being brought into discussions with union leaders, but this must be regarded as an extension of collective bargaining. Nearly all trade unions give considerable attention to political action. Loyalties to a Labour Government responsible for the management of a nationalized industry and to a union organizing workers in that nationalized industry naturally create difficulties. Most union leaders do tread warily on this ground, and it must be stressed both that such dual loyalties are essential if there is to be socialism, and that they do demand caution. If union executives thought it their duty to force upon workers in nationalized industries measures which seemed to a Labour Government to be in their interests, and not to protect the workers' interests as the workers themselves see them, any kind of industrial democracy would be in danger. Union leaders do and should cultivate good relations with the industries with which they have to deal, but these relations should not be ends in themselves; they should be valued as aids to their task of looking after the workers' interests.

If there is to be a satisfactory democracy of direct participation it must be in the places of work themselves. Because management in nationalized industry is responsible *upwards*, because many of the matters over which there might be participation are matters of management responsibility, and on which management alone possesses full knowledge, and because the primary function of unions is opposition, the main

responsibility for developing this kind of industrial democracy rests on management. Only if nationalized industries choose the right kind of managers, train them in their task, and give them status and powers sufficient to that task will that kind of democracy be built up. We have suggested that the present organization of nationalized industry obstructs this. The contribution of trade unions to democracy of participation should be to show their members how to use the opportunities which may be offered to them in this way, to realize the special position of the workshop representative in industrial democracy, and to assist him and grant him sufficient freedom to carry out his task.

If this is industrial democracy, the methods by which it can be pursued are open to private industry as well as to nationalized industry. We have suggested that nationalized industries possess certain advantages for exploiting these methods, or could possess them with reorganization, and we may hope that in time they can make their average performance in this field a good deal higher than the average of private industry. But nationalization does not bring about industrial democracy of itself. Socialism would, however, lose a great deal of its content if nationalized industries did not develop a lively industrial democracy, and the attempt to assist its development deserves all the thought and effort that can be given to it.

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